

**FEDERAL ADVISORY COUNCIL**

ON

**REGIONAL  
ECONOMIC  
DEVELOPMENT**

**THIRTEENTH MEETING--AUGUST 11, 1976**



**WASHINGTON, D.C.**





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**THIRTEENTH MEETING--AUGUST 11, 1976**

Elliot L. Richardson  
Secretary of Commerce and Chairman  
Federal Advisory Council

John W. Eden  
Acting Special Assistant to the Secretary and  
Executive Secretary  
Federal Advisory Council  
U.S. Department of Commerce

**WASHINGTON, D.C.**



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## INTRODUCTION

The Federal Advisory Council on Regional Economic Development, created under Executive Order 11386, is composed of Federal agencies charged with administering domestic development programs and provides guidance to the regional commissions in their efforts to influence the growth of their respective regions. In addition to the Federal agencies originally named in the Executive Order, the Environmental Protection Agency, the Federal Energy Administration, and the Energy Research and Development Administration have been invited to participate in the deliberations of the Federal Advisory Council, a move reflecting the changing development needs and priorities confronting the economic development regions of the Nation.

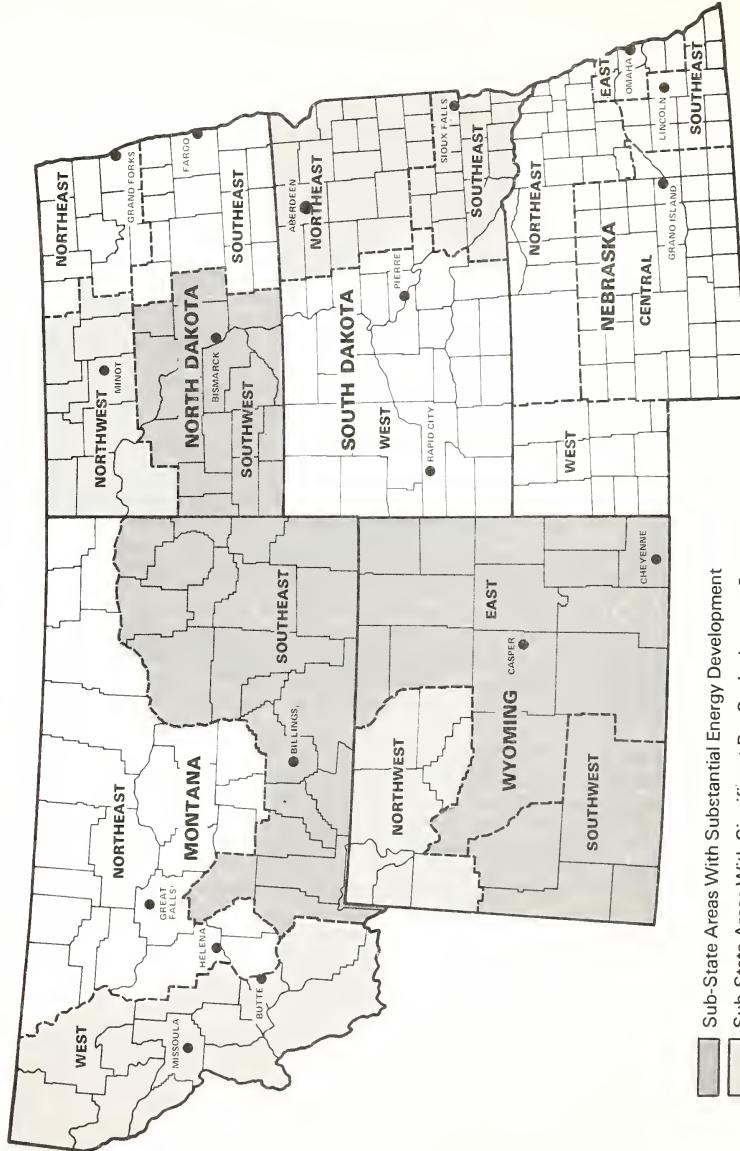
The Old West Regional Commission, which was organized in 1972, is one of seven such regional commissions organized under the authority of the Public Works and Economic Development Act of 1965, as amended. The Old West Region includes the States of Montana, Nebraska, North Dakota, South Dakota, and Wyoming. The Governors of the five States and a Federal Cochairman appointed by the President serve as members of the Commission.

The other six regional commissions organized under Title V are: Coastal Plains, Four Corners, New England, Ozarks, Pacific Northwest, and Upper Great Lakes. An eighth similar regional commission, the Appalachian Regional Commission, was established under the Appalachian Regional Development Act of 1965, as amended.

The review of draft comprehensive long-range economic development plans developed by regional commissions is part of a process which requires the Secretary of Commerce to obtain the views of interested Federal agencies on those plans and to transmit the completed plans, together with the Federal agency comments, to the President for such action as he deems advisable. More importantly, it provides for Washington-level participation in the analysis of the economic development requirements of each region and participation in the charting of strategies for dealing with such requirements.

The recommendations made by the Federal Advisory Council will be reflected in the revised Old West Plan before it is submitted to the Secretary of Commerce for approval. The draft Plan was presented to the Federal Advisory Council for discussion and comment on August 11, 1976, having previously been available to the agencies for written comment.

## OLD WEST REGION



Sub-State Areas With Substantial Energy Development  
Sub-State Areas With Significant Per Capita Income Gaps

Courtesy of the Old West  
Regional Commission

## **MEMBERS OF THE FEDERAL ADVISORY COUNCIL ON REGIONAL ECONOMIC DEVELOPMENT**

Elliot L. Richardson Secretary of Commerce (Chairman)	Donald Whitehead Federal Cochairman Appalachian Regional Commission
John A. Knebel Acting Secretary of Agriculture	Russell J. Hawke, Jr. Federal Cochairman Coastal Plains Regional Commission
Martin R. Hoffman Secretary of the Army	Stanley Womer Federal Cochairman Four Corners Regional Commission
F. David Mathews Secretary of Health, Education and Welfare	Russell F. Merriman Federal Cochairman New England Regional Commission
Carla Hills Secretary of Housing and Urban Development	Warren C. Wood Federal Cochairman Old West Regional Commission
Thomas S. Kleppe Secretary of the Interior	Bill H. Fribley Federal Cochairman Ozarks Regional Commission
W. J. Usery, Jr. Secretary of Labor	Jack O. Padrick Federal Cochairman Pacific Northwest Regional Commission
William T. Coleman Secretary of Transportation	Raymond C. Anderson Federal Cochairman Upper Great Lakes Regional Commission
Mitchell P. Kobelinski Administrator Small Business Administration	



Enjoying a lively exchange during the proceedings are from left to right: George Milner, Deputy, Office of Regional Economic Coordination, Secretary Elliot L. Richardson, John W. Eden, Acting Special Assistant to the Secretary for Regional Economic Coordination, Federal Cochairman Warren C. Wood.

# **PARTICIPANTS AT THE MEETING OF THE FEDERAL ADVISORY COUNCIL ON REGIONAL ECONOMIC DEVELOPMENT**

## **August 11, 1976**

The meeting was called to order and presided over by Mr. John W. Eden, Acting Special Assistant for Regional Economic Coordination and Acting Executive Secretary of the Council.

Paul R. Kugler  
Director, Plans and Programs Staff  
Rural Development Service  
Department of Agriculture

Steven R. Myers  
Program Analyst  
Rural Development Service  
Department of Agriculture

Daniel J. Shanahan  
Assistant Chief, Planning Division  
Civil Works  
Corps of Engineers  
Department of the Army

Elliot L. Richardson  
Secretary  
Department of Commerce

George R. Milner  
Deputy, Office of Regional Economic  
Coordination  
Department of Commerce

Robert M. Rauner  
Economist  
Office of Regional Economic  
Coordination  
Department of Commerce

Anthony T. Meyer  
Economist  
Economic Development Administration  
Department of Commerce

George Grob  
Staff Coordinator for Planning Systems  
Department of Health, Education, and  
Welfare

George W. Wright  
Senior Staff Member  
Department of Housing and Urban  
Development

Hugh M. Pitcher  
Social Science Research Analyst  
Department of Labor

Edmond G. Case  
Economist  
Department of Transportation

William Burke  
Office of Economic Analysis  
Environmental Protection Agency

Kenneth A. Wood, Jr.  
Intergovernmental Relations  
Federal Energy Administration

Dennis M. Gehley  
Supervisory Auditor  
General Accounting Office

Sidney R. Jeffers  
Special Assistant  
Ozarks Regional Commission

Christina Mallus  
Management Auditor  
General Accounting Office

Michael A. Bronson  
Special Assistant  
Pacific Northwest Regional Commission

William R. Etheridge  
Research Specialist  
Small Business Administration

Jeffrey L. Lamy  
Special Assistant (in Region)  
Pacific Northwest Regional Commission

Salim Kublawi  
Special Assistant to the Federal Cochairman  
Appalachian Regional Commission

Phillip Brooks  
Regional Economist  
Old West Regional Commission

William H. B. Anders, Jr.  
Office of the Federal Cochairman  
Coastal Plains Regional Commission

David D. Freudenthal  
State Planning Coordinator  
State of Wyoming

Kay Fronk  
Grants Management Specialist  
Four Corners Regional Commission

Richard T. Greer  
Professional Staff Member  
Senate Economic Development  
Subcommittee  
Senate Public Works Committee

Jack Donahue  
Assistant to the Federal Cochairman  
New England Regional Commission

Michael Frankel  
Centaur Management Consultants

George Sahady  
Economist  
New England Regional Commission

Paul W. Kolp  
Consultant  
Centaur Management Consultants

Alan Minier  
Counsel  
Old West Regional Commission

Warren C. Wood  
Federal Cochairman  
Old West Regional Commission

# **AGENDA FOR THIRTEENTH MEETING OF THE FEDERAL ADVISORY COUNCIL ON REGIONAL ECONOMIC DEVELOPMENT**

**August 11, 1976**

Moderator: Mr. John W. Eden  
Acting Special Assistant to the Secretary  
for Regional Economic Coordination  
and  
Acting Executive Secretary of the Fed-  
eral Advisory Council

Time: 9:30 a.m.

Place: Room 6802, Main Commerce Building

Opening Remarks: Honorable Elliot L. Richardson  
Secretary of Commerce

Discussion of Old West Regional Commission Plan:  
Honorable Warren C. Wood  
Federal Cochairman, Old West Regional Commission

Dr. Phillip Brooks  
Regional Economist

Mr. David Freudenthal  
State Alternate, Wyoming

Individual Agency Comments:  
Department of the Army  
Department of Labor  
Environmental Protection Agency  
Department of the Interior  
Department of Agriculture  
Small Business Administration  
Department of Housing and Urban Development  
Energy Research and Development Administration  
Department of Health, Education, and Welfare  
Federal Energy Administration  
Department of Transportation  
Department of Commerce

Concluding Remarks: Mr. John W. Eden



Secretary Elliot L. Richardson addressing the Council.

## OPENING REMARKS

Mr. EDEN: Good morning. We are very pleased that Secretary Richardson could be with us this morning to open this meeting. We appreciate very much all of you coming, and the time that you have taken in the study of the Old West Regional Economic Plan for the growth of that Region.

Our procedure will be for the Secretary to make the opening remarks, and then we will go right into a detailed discussion of all of your comments on the Plan.

It gives me great pleasure to introduce Secretary Richardson who has been interested in these Commissions since the first week he was here, and we are very pleased that he is in town today and can take the time to be with us. Secretary Richardson.

Secretary RICHARDSON: Good morning, ladies and gentlemen. I am delighted to be here.

I have become increasingly interested in the role of the Regional Commissions and in the flexibility of the opportunities they afford for effective coordination with the State governments in dealing with regional problems.

So it is a great pleasure to welcome all of you to the third meeting this year of the Federal Advisory Council on Regional Economic Development.

The two earlier meetings dealt with revisions of previously approved regional plans for the Ozarks and Upper Great Lakes Regions.

This morning, we have something a little different. We are to examine an original Plan prepared by the Old West Commission.

This Commission is one of the two younger members of our set, having been organized in August of 1972. We, therefore, have the prospect of seeing how this new Region assays itself and its needs from the vantage point of comparative youth.

The five States of the Old West Region all face challenging economic development problems, particularly in energy, water resource management, mining, and environmental protection. The States of this Region have the problem of managing growth where it's expected to occur in dramatic form, particularly in energy rich areas and, simultaneously, the problem of stimulating growth in those parts of the Region where employment levels are low, especially among the Indian minorities.

In your discussions today, I am sure you will explore at greater length some of the issues surrounding these two development problems and how the regional approach can contribute to their solution.

This is the first Advisory Council meeting I have been able to attend, but I am acquainted with your activities. In fact, one of the more enjoyable experiences I have had

since coming to the Department was attending a meeting of the Upper Great Lakes Regional Commission in Sturgeon Bay, Wisconsin.

I regard the things that you as a Council do as important elements in the planning process, and I know that your contributions are of great value to the Regional Commissions themselves.

The comments that you and your individual agencies offer to the Commissions help inject a sense of realism and practicality as to Federal capabilities. They help guard against regional planning becoming just an abstract exercise in statistical manipulation or aspiration programming in the form of "wish lists" of Federal grants.

Equally important, by reviewing these plans, you become informed about regional needs and programs and, in that way, prepare both yourselves and the Commissions for the increased coordination that is called for by the growing complexity of our development problems.

The Commissions are unique in affording the State Governors a true voice in the determination of regional objectives and priorities and in participating fully in the development and implementation of policies and programs for the betterment of regional conditions.

I think we can be proud of the way in which the role of the States has been enhanced over the decade in which the Regional Commissions have operated.

I will add, in this connection, that I hope, as time goes on, we can apply additional underscoring to the word "regional."

Some of the projects that are funded by Regional Commissions, on the face of it, have relatively little regional relevance, even though they may be good things from the standpoint of an individual State or locality within the State.

The plans and projects that we witness today in the Title V program reflect a true partnership of State and Federal interests joining in common regional purposes, something rare among Federal assistance programs.

Today, our principal interests are in planning—in this specific case, the Old West Regional Commission's Regional Economic Plan. We all know what planning is, when it's done well or poorly, and we all know why we do it.

I might interject here that there is still a wide range of semantic difficulty over the term. I won't detour, however, into my own contributions to illustrating that foggy area.

I do think one further point is relevant though, and that is that it makes a difference as to the wisdom and the desirability of planning, who is doing the planning and for what area and for what purpose.

In my view, the most serious limitations of planning are the limitations that arise out of the attempt to do much for too complex a set of problems over too long a time. But I think one can regard planning as absolutely vital at the local or regional level, while being highly skeptical of the concept of planning for the Nation as a whole and its economy for, say, ten years into the future.

Certainly for purposes, at any rate, of the function of the Regional Commissions themselves, planning is the only rational way we and they have to examine their needs and requirements free of constraints, and, then, to consider various ways and means of satisfying those needs and requirements.

Planning is one of the most sensible, in that context, of all devices to make explicit our needs and strategies and expose them to the critical assessment of competing demands on the resources available.

The true value of planning—whether as process or documentation—is that it is explicit or, at least, that it gets something explicit on the table which then can be the subject of discussion. If done well, it defines needs and identifies the resources, strategies, and costs involved in satisfying those needs.

In addressing the costs and resources required to meet objectives, comprehensive planning has sometimes been regarded as merely another form of budgeting. This, of course, is wrong.

Budgeting involves arranging finances and other resources in such a way as to balance a number of objectives against one another. Budgeting should take its departure from the plans and objectives, and then determine what can be afforded among them.

I cannot resist adding here that there is also involved a process of “iteration,” which takes the budgeted resources and then again looks at the plans and seeks to make them match up.

I learned the word “iteration,” in the Pentagon where you start out with a set of goals and priorities and create a plan. You then look at the resources, and do some cutting and trimming.

So, working it back and forth is what “iteration” means. And in that sense planning and budgeting are related functions.

At any rate, comprehensive, long-range planning is realistic only if done as free of constraint as possible in order to be sure that needs and requirements are truly aligned with alternative means of satisfying them.

Constraining such planning by predetermined budgetary or other means simply ensures that some of the needs will not be examined. This denies some of the information we need in order to reach intelligent choices. It is like asking the doctor not to carry his diagnosis too far lest he discover something serious that we cannot afford to have fixed.

We in the Department of Commerce are grateful to all of you for coming. Your participation will contribute much to our realistic and effective regional planning and development.

Before I turn this meeting over to the Federal Cochairman, “Chip” Wood, who will explain the significant points of the Old West Plan and will lead the discussions with you as to its major features, I wish to introduce Dave Freudenthal, Alternate to Governor Herschler of Wyoming.

Thank you all very much.



Federal Cochairman Warren C. Wood making the introductory remarks.



Dr. Phillip Brooks discusses the Old West Plan.

# **DEVELOPMENT OF OLD WEST REGIONAL ECONOMIC PLAN**

## **Introductory Remarks**

Mr. WOOD: Thank you very much, Mr. Secretary, and thank you, ladies and gentlemen, for joining us here today to provide your advice and guidance to the Old West Commission's planning process.

We are particularly honored, Mr. Secretary, that you are able to take a few minutes from your busy schedule to help us launch this review process.

The revised draft which we are about to discuss represents many months of planning and activity by our Commission staff, our consulting firm, the alternates of the Commission and their staffs. The actual preparation of the draft was accomplished in the latter part of 1975, but the planning which has been the backbone of the document has been underway since 1973, supported by the various State public investment grants.

We have organized our plan into six major parts:

Purpose of the Work.

Our General Approach.

The Regional Conditions, Resources and the Structure of the Region.

Projections of the Regional Economy to 1985.

The Regional Objectives and Goals.

Finally, the Goal Attainment Strategy.

Presentation of the Plan today will be made by Dr. Phillip Brooks, who is on my right here. Phil, would you raise your hand? Phillip Brooks is our Commission's staff economist who coordinated preparation of the Plan, and who is in charge of the continuing updating of the Plan.

Also available here today to assist him in discussing the Plan is the Project Manager, Dr. Paul Kolp, of Centaur Management Consultants, here in Washington, D.C. Dr. Kolp, would you raise your hand? Thank you. Dr. Kolp directed the research and fact finding, and assembled the Plan.

I also have here with me today, at least up until about 12 noon, when he leaves for Alaska to backpack for a couple of weeks—he has been accused of just trying to get out of town early—Al Minier, Counsel for the Old West Commission. He participated to a great extent in the planning and drafting process.

I also want to recognize the contribution of some other people.

Bob Rauner was a devil's advocate at the Department of Commerce, and greatly assisted us.

Of course, the other Commerce people, George Milner and others, have been very helpful to us over the past months.

I guess that David Freudenthal has already been recognized and introduced, but I again want to thank you, Dave, and the State of Wyoming for your contributions to the development of the Old West Plan.

I will at this time ask Dr. Brooks to present the Plan, then he and we will be available for any questions and suggestions.

Thank you very much. Dr. Brooks.

## **Analysis of the Plan**

Dr. BROOKS: This is the Regional Economic Plan for the Old West Regional Commission. As Chip Wood has explained, it has been in preparation for a considerable period of time.

(Slide.)

Dr. BROOKS: First of all, let's deal with the purpose of the Plan. The Plan is designed to meet the requirements of the authorizing act of Congress. It was prepared also in accordance with guidelines of the Department of Commerce. But more fundamentally it provides a framework for allocating resources to the Region.

(Slide.)

Dr. BROOKS: What about the questions that are addressed in the document and the things that we will be talking about this morning?

Some of the things are historical levels and trends in socio-economic conditions in the Region.

Also, the current status of the regional economy.

What is going to happen in the future to the regional economy?

What are the goals for the Region?

What are the things that are projected to happen in the future that need changing?

Last, and certainly not least, how will the Region attain these goals?

In other words, the overall implementation strategy, and how much it is going to cost.

(Slide.)

Dr. BROOKS: What about the approach that was taken in this document?

First of all, it represents a general or overall framework for program development, a macro-type.

The specific project analysis, which is very important in the planning process, is the next stage for us.

In terms of the technical and analytical approach, the methods here drew on existing data bases and studies: for instance, the data available from the Bureau of Economic Analysis, employment data from State Employment Security Agencies, various socio-economic data available from the Census Bureau, environmental data available from EPA and the Council on Environmental Quality, and energy development data from the Northern Great Plains Resources Program.

There were new economic and demographic analyses that used these data bases that I just mentioned.

The modeling effort here projected certain socio-economic variables to 1985. The basic methodology in terms of the economic and demographic analysis were the cold hard survival population model and a simple model that linked migration to employment opportunity and increased earnings.

There was also a development of pollution coefficients and other procedures to judge the impact on the environment in general with various alternative developments in scenarios.

Now, the analysis was at the Region V State level, each individual State, and 18 sub-State areas. I have a map here that demonstrates that.

(Slide.)

Dr. BROOKS: That shows the five States, and we defined 18 areas for the Region. There are five in the State of Nebraska. You can't quite see the east. There it is. There is the Omaha area. Three in South Dakota. Four in North Dakota. Three in Montana and Wyoming.

The feeling was that we needed to go down below the State level to account in part for some of the diversity within the Region and to get more complete local analysis.

(Slide.)

Dr. BROOKS: Let's now look at some selected economic and demographic variables. These were chosen to illustrate some of the basic socio-economic issues confronting the Old West Commission. First of all, per capita income.

If you look at the region as a percent of the nation starting out in 1950, you see it is in quite a favorable position. For 1959 and 1970 it is back down to 90 percent, or below, and for 1974 it is back up to 95 percent.

In terms of this 25 year period, roughly 1950 to 1975, our two end points really are somewhat atypical years in terms of income in the Region because these were years of high agricultural income.

You will note also that for each year there was a wide variation in State income as a percent of the Nation. In 1950 it ranged from 83 percent to 112 percent, and so forth for the other years.

I do not have on the chart indication of the range for some State areas, but that range is even greater.

So there is a fluctuation of income happening in the Region, generally below national average levels.

What about earnings per worker? Well, you can see in terms of the Region compared to the Nation in 1959 it was about 88 percent. In 1974 it increased to 92 percent. Again part of the reason for this is the good agricultural year in 1974 and, of course, the States vary around this overall Region average. The Region is quite rural in terms of the Nation, but it is not entirely rural. There are metropolitan areas, about six in the Region. But in terms of percent of the population in the Region residing in SMSA, it is only about a fourth compared to more than two-thirds for the Nation as a whole. The rural nature of the Region in part causes problems in the health care area, for instance.

What about migration? Well, the first bit of data I have here is for the decades of the '60's, and in terms of people moving out of this five-State area it was really a disaster. You can see that we have some preliminary estimates for 1970 to 1974 that indicate that possibly this trend or this phenomenon has been reversed with net in-migration. The gross figures that I have here for 1965 to 1970 indicate more specifically the mobility of the people in the Region.

If you add up the numbers there, you get something like 850 or 900,000 people moving some place between 1965 and 1970.

The total population in the Region in 1970 was approximately four million people. So that is quite a high percentage.

(Slide.)

Dr. BROOKS: What about some of the assets that the Region contains?

First of all, in terms of economic growth opportunities, energy resources are a primary source of economic growth opportunities.

It remains to be seen how much time development will happen in terms of energy resources. It is my estimate, as far as the future is concerned, that as cost and availability of energy become more important or critical inputs for manufacturing firms, this may influence the locational decisions made in terms of coming to the Old West Region. However, we have to wait and see on that.

In terms of processing and manufacturing that we can anticipate, there is the whole area of energy conversion that is already happening, electrical power generation and coal gasification plants.

There are also opportunities in particular food product industries and in selected non-fuel mineral processing.

Tourism is another place in terms of the Old West Region where we have a potential for expansion. There are numerous scenic attractions in the Region.

Another basic asset of this five-State area is the relatively clean environment. Its labor force is mobile as the previous migration data has demonstrated. Its labor force has high educational levels, above the national average.

Last, but not least, there is substantial land and other natural resources and attractions in the Region available for development.

That is the positive side. Let's look at some of the problems.

(Slide.)

Dr. BROOKS: There are some problems that we have little or no control over in the next ten years. One of these is the population size, the basic population size, and its distribution.

Another is distance from primary markets for the product being produced in the Region. The Region itself is outwardly focused. It has few internal economic linkages. So when you have a basic economic development phenomenon happening in the Region, such as energy development, there is not much spillover to other industries and other areas that aren't directly affected by it because of the lack of these linkages.

Also, this five-State area has a lack of a transportation interchange point. The possible exception to this statement is Omaha, Nebraska, which is an interchange point, but this is on the fringe of the Region, so it is of limited help for the Region.

Price instability in major products is another problem that we have little or no control over in the next ten years, and it is very important to the Region. Agricultural products fluctuate. The price of agricultural products fluctuate widely.

There are also other minerals. There are minerals mined in the Region, such as copper and uranium, whose price is also unstable.

So those are the problems that we have little control over during the next ten years.

What about some of the problems we might be able to do something about?

(Slide.)

Dr. BROOKS: Well, first of all, low job earnings is a problem that the Region could, if it devoted sufficient resources, do something about. The previous data that we went over indicates that both per capita income and earnings per worker lagged behind the Nation historically.

Another problem is lack of water at particular locations in the Region. What I am referring to here are some energy development sites that may need water, and the need for conveyance of water from one part of the Region to another.

There is also a lack of vocational and technical educational schools in the Region, especially in the areas that are expanding, like the energy development areas.

There is a lack of community facilities in the energy development areas to absorb this growth.

There is a lack of physicians in the Region. For instance, in 1972 there were 110 physicians per 100,000 population for the Region. This compares with the national average of 157 per 100,000 population. That is a fairly substantial difference.

There is lack of adequate vacant housing to support economic development, especially in the energy areas.

Another problem subject to some control is the private sector investment. Most of this investment is financed by parent companies that are headquartered outside of the Region—with very little interest in the Region—or by retained earnings. Both of these facts tend to retard private investment growth in the Region.

Last, although the environmental quality in the area is generally very good, the biggest environmental problem is non-point sources of pollution. These in part can be dealt with. I am thinking in particular of changing agricultural cropping practices, planning cover-cropping to cut down on the dust problem which is a major air pollution problem in this area.

Let's now turn to what we anticipate happening by 1985.

(Slide.)

Dr. BROOKS: Well, first of all, looking at employment, we anticipate in 1985 that there will be approximately 2.2 million jobs in the Region. This compares to about 1.6 million in 1970.

You will note that the annual rates of growth for the period—we are considering 1970 to 1985, and incidentally, we chose 1970 as our base rather than, say, 1974 so that we would have a stronger population figure to start with—from 1970 to 1985 is higher than the previous decade. The population we anticipate in 1985 is about 4.3 million people residing in the Region.

In 1970 this was about 3.8 million, or 500,000 less. To get some perspective on this growth rate, the population in the Region in 1920 was 500,000 people less than 1970, so it took 50 years to grow 500,000 between 1920 and 1970. We are anticipating in the next 15 years we will have the same level population growth.

Migration. We anticipate that the preliminary information indicating a reversal of the outmigration phenomena will continue with approximately 145,000 net immigrants.

Well, all these three indicators, three variables, indicate fairly substantial growth in the Region, but if you look at per capita income in 1985 as the percent of the Nation, you see that regionwide it is still only 92 percent of the Nation, but more importantly, six of the 18 sub-State areas, or a third of them, are projected to be substantially less than even 90 percent of the national average in 1985.

Also, Indian areas are projected to remain at their current extremely low level of approximately 25 percent of national per capita income.

(Slide.)

Dr. BROOKS: Where are the economic and demographic changes taking place? They are taking place primarily in the energy development areas. There are four such sub-State areas that we have defined. I have a map that can indicate this a little more clearly.

(Slide.)

Dr. BROOKS: You can see the energy areas in Montana, Wyoming, and North Dakota, and then over here in eastern Nebraska, which is the most industrial part of the Region. This is another area where we anticipate substantial economic and demographic changes.

(Slide.)

Dr. BROOKS: I haven't talked about environmental changes in terms of looking ahead.

The analysis that was used assumes that current standards, current State and Federal standards, will be implemented. That is a fairly critical assumption here.

The overall environmental quality, based on our analysis, is presently good, as I mentioned, and not likely to deteriorate by 1985 given what we expect to happen in the Region.

As I mentioned before, non-point and natural resources are the major pollution problems in the Region. Nitrogen oxide, as a particular air pollutant, is anticipated to be the major point source problem.

There are no current standards in existence at the present time for this air pollutant, and municipal sewage, I guess, is normal throughout the country and is the largest point source of water pollution.

So we have looked ahead to 1985. Some of the things indicate growth. We have growth through employment and population, but lagging per capita income in sub-State areas and among the Indian people in the Region.

Related to this, the growth largely is concentrated in the energy development areas that are capable in terms of public facilities to absorb this amount of growth.

Although environmental quality is projected to remain quite good, there are particular problem areas that need to be dealt with.

The rural nature of the area, as I mentioned before, has contributed to problems in health care delivery.

Last, there still remains the need for improvements in the regional planning process in general, and in particular in terms of trying to increase citizen participation in that process.

So with that preface, why don't we take a look at the specific goals for the Old West Region?

(Slide.)

Dr. BROOKS: All right. Goal number one is an income goal to increase per capita incomes in the 18 sub-State areas to about \$4,800, or approximately 90 percent of the U.S., for the non-Indian population in 1985.

Now, you notice this is defined not regionwide, but in terms of sub-State areas. This particular goal translates into a per capita increase for the people residing in the five projected deficit areas of about \$280 per person. Maybe we ought to take a look at where those five areas are.

(Slide.)

Dr. BROOKS: We have the west part of Montana, the northwest part of North Dakota, the northwest part of Wyoming, and all of eastern South Dakota, which comprises two sub-State areas, the northeast and the southeast.

We are not projecting any deficit areas for the State of Nebraska.

(Slide.)

Dr. BROOKS: Let's go back and look at the other goals.

In terms of goal number two, this is a specific goal aimed at the Indian peoples in the Region. It is to increase per capita incomes among these Indian people by about \$350 over the expected 1985 level.

Now, this increase of \$350 per capita represents about a 25 percent increase for this population. This will begin to close the gap in per capita income between Indian peoples in the Region and the rest of the residents of our five-State area. The longer term goal is for Indian peoples to achieve parity in per capita income.

So we have two income goals, one for the general population, and one specifically for the Indian population.

Mr. EDEN: If that is a 25 percent increase, you mean their income now is \$2,500 or so?

Dr. BROOKS: It is about \$1,300. I think it is \$1,350, and we are projecting, or we are trying to increase it to \$1,700.

The third goal deals with what is happening in the energy area. This is an area where there doesn't appear to be a great need for economic stimulation. The private sector is doing more than an adequate job here. The problem here is in terms of the local communities absorbing this growth that is coming.

So the third goal is to prevent serious potential disruptions in the regional economies and the local communities as a result of rapid energy-related development and, if you remember, those energy areas are in Wyoming, two sub-State areas in Wyoming, Montana and southwest North Dakota.

Goal four is to achieve environmental quality implied in public pollution laws, and to maintain high quality areas.

Five is to improve health services.

Six is to generally improve the regional planning process, more specifically providing increased citizen participation in that process.

So those are the goals that have been identified for the Region. Let's now look at the cost of those goals.

(Slide.)

Dr. BROOKS: Both public and private costs were calculated for all of the goals.

What I have here are only the public costs. The costs in general were computed on historical data, on investment in the Region, and capital-to-earnings ratios.

Now, let's look at capital requirements. To achieve the sub-State income growth in goal number one would require approximately \$400 million between now and 1985.

To achieve the Indian income growth we add another \$100 million, roughly, so between the two we have about \$500 million for the two income goals.

To help deal with the energy impact problems, the capital requirements between now and 1985 are estimated at a little less than \$300 million.

We are proposing an employment services program to be tied with the two income goals. That is a little more than \$100 million.

Our technical planning and demonstration assistance program, similar to the one we are currently implementing, in terms of the environmental program, would require \$30 million approximately.

The health program, \$50 million, and other programs to increase the viability of regional planning, about \$30 million.

So in total you have over the next ten years projected costs of approximately \$100 million per year.

How are we going to achieve the goals? Let's look at the strategy.

(Slide.)

Dr. BROOKS: Our general program strategy tries to take advantage of the Region's assets, and also tries to overcome some of its problems. Now, what are some of these assets? We have talked about them a little bit before, but let's review them.

There is surplus electrical power in the Region. There is an abundance of energy resources in the Region.

The population is fairly mobile, or very mobile, rather.

There is a strong agricultural resource base. The Region in general is physically attractive, and there are existing urban centers and energy growth areas already in the Region.

Those are some of the assets that we are going to try to take advantage of.

What about some of the problems that we are going to try to change?

One is this business of inadequate funding of private investment.

Another is a deficiency of vocational educational facilities.

Another is educational programs in the Region.

Another deals with the problem I mentioned before of community facilities in energy impact areas being inadequate to absorb the growth.

There is the need for other facilities to support economic growth in general in the Region.

So looking at income goals one and two, what are the specific ways we are proposing to accomplish these goals? One is to try to achieve higher labor productivity in existing jobs. The types of programs are listed under this. A business incentive and loan program is one. Education and manpower training is another type of public program. Increased agricultural facilities also could contribute to increasing productivity.

Another way of trying to increase per capita income is to attract new and expand existing relatively high-wage industries in the Region. In order to do this in terms of public programs, the types are industrial facilities, industrial parks, and support facilities, the same business loan program that was mentioned before, and also the vocational education manpower training programs.

Another way of increasing per capita income in some selected areas of the Region is to increase employment opportunities.

Now, we are only talking about areas where there is low employment participation, such as west Montana, and Indian areas.

Here we have added to the list types of public programs that would be useful in implementing the tourism and recreational facilities.

The last way of trying to increase per capita income is to link low paid and unemployed workers in the Region to job opportunities, wherever they exist. In order to bring this off you need a program of manpower training.

A regional employment information system would be very helpful where a given job seeker could plug into the system and find out where a job is in the entire five-State area and, last, a program to get the worker from where he lives presently to where the jobs are, or rather, assist in that transition.

(Slide.)

Dr. BROOKS: What are we proposing in terms of the energy impact goal?

Well, the public community facilities that are lacking include schools. This is the largest public facility need in these energy impact areas and, of course, there is also a need for utilities, hospitals, police and fire facilities.

What about the environmental goal? What are we proposing here in terms of goal number four?

We are proposing to assist States and tribal groups to, first of all, enforce environmental and land reclamation laws already on the books, to review those same laws and standards, and also to prepare and apply additional laws and standards, or management practices, where they are needed now in the Region.

That is the first four goals.

Let's look at five now.

(Slide.)

Dr. BROOKS: Goal number five is the health care goal. This particular area requires further study to define specific goals for it, and programs.

However, I might add that these programs might include development of mobile health centers and improved emergency health care systems, and paramedical training.

The last goal deals with improving the regional planning process in general. Let's take a look at that now.

(Slide.)

Dr. BROOKS: Goal number six is: how do we propose to implement these particular objectives?

In terms of increased citizen participation, we are proposing that forums and meetings in the Region be set up. We are already doing this in part for discussion of regional issues.

We also see a need for some in-depth sector studies, particularly in the manufacturing area, to tie down more specifically where the potentials for increased manufacturing are in the Region, and also an overall agricultural policy study, since this is a critical industry in the Region, and in addition has national and international significance.

Other studies that need to be done are: private capital formation studies, to analyze some of the problems here; water supply and demand, to fill in some more of the specifics of water in the Region; and a manpower supply and demand study, to tie in with our employment services program.

Now, there is a very important need for a regional impact assessment system. This type of system would monitor regional change in the five-State area and try to assess the consequences of these changes in terms of economic benefits and cost, demographic changes, and environmental costs.

Additional program guidelines are in the document, both in the full version and the abridged version.

Some of the types of information I am talking about are preliminary funding levels for the types of programs I have just outlined, the possible funding agencies for the programs, and in general, location of the projects within the program areas.

However, I would like to emphasize again that specific project delineation is the next step in our planning process, and we will be doing this in cooperation with local entities. This is already started, actually.

Well, that concludes my formal presentation. I would be glad to answer any questions that you might have at this time.

Mr. EDEN: Any questions or comments of Phil while he is at the podium? Yes?

Mr. ETHERIDGE: Bill Etheridge, Small Business Administration. This is pretty much outside my alleged area of expertise, but since there is no one here from Interior to ask the question, I will. Do you intend to get into specifics later on as to the problem of Indian income growth?

Dr. BROOKS: Yes. This is a very important area for us.

Mr. ETHERIDGE: It is quite a problem. There are a lot of aspects to it.

Dr. BROOKS: I think you have to be very careful in this area, not just to plunge in the standard sorts of economic development devices.

I think it is essential to have the input, or really a strong voice, of Indian people in the Region in terms of developing the program.

We are in the process of obtaining that, but it hasn't been completed, and that is why we don't have a lot of specific things for the Indian program area at this time.

Mr. KUBLAWI: Salim Kublawi, Appalachian Regional Commission. I have a few questions, but I have one that is most important.

You stated that the public cost of achieving the goals in the next ten years would be \$1,038,000,000, and as I remember, and correct me if I am wrong, in the Plan it seems that

you expect the Federal allocation for programs for the Old West Region to be about ten percent of that figure.

My problem is that when you began to discuss your implementation strategy for raising that money you talked about the economic characteristics of the Region. You talked about assessing the potentials and using the potentials of the Region in terms of productivity of the labor force for attracting industry. I don't have any quarrel with that, but it seems these kinds of characteristics are more related to the private cost.

I was waiting to find some answers to the question of how you are going to raise the public cost. It seems to me that the problem is really political and fiscal, so I was waiting for some kind of strategy or advocacy for Congress to raise local taxation.

I don't know if these are things you really want to mention, or there may be some taxation on the coal industries. In any case, how are you going to raise that public cost?

Dr. BROOKS: It is true that we haven't specifically commented on that in the document. The document was prepared within the framework of the legislation, and the guidelines of Commerce, as a comprehensive plan for the Region, and that is why we estimate the total private and public cost, rather than some historical level of funding for the Old West Regional Commission.

Most of the funds advocated, or increases in funds, would come through regular Federal agencies rather than the Commission, since this year every regional Commission's plan goes directly to Congress.

So that, implicit in the Plan is really a request of Congress for this additional funding.

Mr. EDEN: There is another twist to that same question. Phil, if you didn't have a billion dollars, say you had \$100 million, which might be a little more like the kind of money you have had — this is the question the Secretary has raised — what would you do with this Plan? What areas would you change, if any, or would each one just be reduced by a factor of whatever?

Dr. BROOKS: Well, I think that really is a new ball game, because as I mentioned, in terms of this document we are talking about the majority of funds being funneled through Federal agencies.

Now, sure, the Commission may participate in those programs in terms of its supplemental grant program, but most of the funds would be going through agencies other than the Commission.

If you get down to, say, approximately \$10 million a year, then you really have a new ball game, and you have some hard questions to answer. What can you do in a substantive way with the \$10 million?

Mr. EDEN: What you are saying then is it behooves the Commission to do everything it can to leverage as much as it can of its \$10 million, and to attract the other dollars to make up the balance.

Dr. BROOKS: Right, and of course, that is an approach the other Commissions that have had this supplemental grant authority have been doing.

Mr. EDEN: Before we get fully underway with the questions, let's just go around the room and identify one another, so we know who is here, and who everyone is.

(All members present identified themselves.)

Mr. EDEN: Thank you.

Mr. BURKE: Bill Burke, Environmental Protection Agency. I have one question. I will save my general remarks until we go around the table.

You had indicated that the projections you have are based on historical levels for both Government and the private sector. But the public funds, according to the Plan, that are programmed are beyond the current levels. Now, do your projections, all of your projections, reflect the investment that John was just talking about, or are they devoid or beyond those projections?

Dr. BROOKS: They would reflect a continuation of current levels of all programs, including the Commission programs.

Mr. BURKE: Including that investment?

Dr. BROOKS: Yes. So we are talking about the public costs identified being in addition to what is projected for current programs.

Mr. BURKE: Your development projections would include a projection of the current historical levels plus the investment that you feel would be forthcoming through public sources?

Dr. BROOKS: That is basically a trend analysis. In terms of what we feel will be forthcoming, that isn't specifically identified in the document.

Mr. BURKE: But they are reflected in your projections of employment levels, income levels, and so on?

Dr. BROOKS: Right.

Mr. BURKE: That is a substantial public investment, and I want to be sure that it is reflected in there.

Dr. BROOKS: Well, the projections of population, employment, income, et cetera, are not based on the public program that is identified in the document. They are based on historical levels of current public programs, and the trend of increase in those, or decrease, whatever that is.

Mr. BURKE: That substantial investment that you are talking about hopefully coming from the Government will further significantly impact on your projections, will it not, and invalidate them?

Dr. BROOKS: Well, we came up with the numbers by seeing how much investment we needed to meet the goals, in particular the income goals.

So that public investment definitely will have an impact. If a half billion dollars comes forth over the next ten years, we estimate that that will raise per capita income in all the sub-State areas of the Region to at least 90 percent of the national average. So it would have a substantial impact. Am I coming through?

Mr. BURKE: I am not sure. Let me ask again. I don't want to belabor the point, but it is a very important point. The projections that you have do reflect the investment that you anticipate?

Dr. BROOKS: Not what we request, not the \$1 billion.

Mr. BURKE: It does not. Not at all?

Dr. BROOKS: No.

Mr. BURKE: If you get the \$1 billion, your income levels and all your other inputs, all your other factors, are going to be affected tremendously.

Dr. BROOKS: By the public investment you mean?

Mr. BURKE: Yes.

Dr. BROOKS: Al?

Mr. MINIER: That is the idea. You are making this investment in order to increase income and to meet and close the gap we are projecting for 1985.

Mr. BURKE: We will go around the table.

Mr. GEHLEY: Dennis Gehley, General Accounting Office. I would like to, number one, make a statement of personal opinion, and then ask a question in my professional capacity.

The personal opinion is that I find this discussion by public officials dealing with a very serious problem both commendable and actually rather courageous.

Mr. Kublawi raised the question of advocacy—what function the Regional Commission can play in solving that problem.

Certain portions of Appalachia, for many decades, have been somewhat analogous to the minorities that we are talking about in that particular geographic area. The basic issue that we are talking about is one that is very politically sensitive, the income redistribution policies of the Federal Government.

The message between the lines, from the statements that are made there, is that it almost falls into one of those areas over which the Regional Commissions have no control directly—massive income redistribution. However, you have at least taken that first step in trying to isolate what the costs are and establish some sort of goal.

We can see just how difficult it is, and how many literally billions of dollars it would take. A planning document is very hard to synthesize and condense for the people on the Hill who deal with those issues, but you have at least taken the first step and put it in print. I find that courageous.

The question I want to ask is does the Federal Cochairman testify before the Congress and the appropriate committees when a major piece of Federal legislation dealing with the environment, the economy, or social problems is being debated? Does the Congress ask for your opinion? Do you provide your information to the Congress on a regular basis?

Mr. WOOD: Not on a regular basis. On certain pieces of legislation, when we are asked, or when the Commission takes a policy position upon a specific issue or a piece of

legislation, we provide some input, but not on a regular basis. If anything, I think it probably is more a factor of staff limitations.

The Federal Cochairman has a staff of only six people.

Mr. EDEN: I might answer that in part. I serve as the Secretary's Special Assistant for Regional Economic Coordination and, as such, I have testified in their behalf at hearings.

In answer to your question, the Committee has, for the past two years, asked the Secretary what each Commission's budget request was and we have provided that information. So each Commission does have a way of getting directly through to the Committee.

Dr. BROOKS: Any other questions?

## **GENERAL DISCUSSION BY EXECUTIVE AGENCY PARTICIPANTS**

Mr. EDEN: Why don't we go right around the room. If there are any particular comments that anyone would like to make, let's hear them. If you have no comments, or if you feel you have submitted yours in writing, we will just pass on. Let's take HEW first and go right from there to FEA, and so on.

### **Remarks by Department of Health, Education, and Welfare**

Mr. GROB: George Grob, HEW. Our comment is essentially that we think trying to attract physicians and medical services into the rural areas is a reasonable goal to set and one that should be set.

Mr. EDEN: Is that as a consequence of some of the goals you have, too? Does it dovetail with some of your programs and objectives?

Mr. GROB: I would say it dovetails with planning and studies that have been under consideration for a couple of years.

In the policy studies that have been going on over the past couple of years, it was identified that a lot of the medical problems may be much more a matter of the delivery, of the availability, of the resources in the outlying areas than their general existence. This is not only true of rural areas but of the poverty areas within cities. It has been difficult attracting physicians to serve in rural and poverty areas.

There have been some policy studies that have been proposed and others which have been underway for a couple of years to deal with it. I don't think there is any solution yet. A lot of the solutions may not be Federal ones. In other words, they may very well be things that a regional commission could get a handle on.

There were some bills before Congress at one time to tie in education assistance to doctors with their commitment to go back to the medically underserved areas, and there are programs in the Department—some of the community development programs—that attempt to define medically underserved areas and problem areas in that regard.

So the goal is consistent with the planning, but I think I would be promising too much if I said that this problem has been solved in HEW now.

Mr. EDEN: The Council might be interested to know—Chip, forgive me if I steal some of your thunder—the Commission has addressed the problem of animal health in the Region. It has done a study for the construction and operation of a regional school of veterinary medicine to train veterinarians who are in very short supply. I think this is an excellent example of a regional approach to a regional problem.

Dr. BROOKS: I think I should add, John, that we have a fairly new project dealing with recruitment of physicians for rural areas. It has just gotten underway.

So we are dealing with the people as well as the animals in the Region.

Mr. GROB: I think the thing that is good about it being in the Plan is that, simply put, it has been stated as a problem. Perhaps there will be a sudden realization at all of the Government levels that something needs to be done to correct the problem. The fact that the problem could be stated in this way and gain attention is good and does tie into things that are being done at the various Government levels.

Mr. EDEN: Ken Wood.

## **Remarks by Federal Energy Administration**

Mr. WOOD: Kenneth Wood, Federal Energy Administration. I just have a couple of comments, John.

One is that I think a lot of darn good planning showed up in this document, and I am really impressed with the different areas that have been covered. I think it is terribly vital that the people in the States continue to work closely with the Commission if this thing is to go forward and that we always keep that in our sights.

I would just note a lot of the same Federal players seem to be involved. For example, there will be a HUD-sponsored meeting later this month on a Wyoming study that has been done by HUD. I think it is about the twenty-seventh of August. I bring that up because I see a lot of the same names here. They have done an intensive study of some of the same situations in Wyoming. I just want to make sure that ties together, and we all know what the other person is doing.

Just three energy-related comments. One is that, I don't know the answer to this, but I presume some of these natural resources we are talking about are on Indian lands. I would just point out that I agree with you; this is an area that is very sensitive, and particular efforts should be made there.

We do have in our office a group called Consumer Affairs Special Impact working closely with Indian groups on natural resource problems. I would just offer that to you if it could be of help in some of the negotiations that will be coming up in the future.

I have two other energy-related points.

As we talk about the problems of housing for all of the people, I would hope we would keep in mind the building standards that we are so interested in as the structures are put up and that we don't create more of the same problems.

Finally, on the transportation area, I wonder if there is any way of getting into that a little bit more thoroughly as we talk about this issue of getting workers to jobs. I note the tremendous distances from place to place and what concerns me is that this might be another situation where there are thousands of privately-owned vehicles zooming at high speeds from place to place. I would hope that rail or other transportation will be addressed thoroughly as we go ahead. It seems to me it is a pretty good opportunity to come up with alternate methods of transportation in a relatively undeveloped area.

## Remarks by Environmental Protection Agency

Mr. BURKE: From the environmental standpoint, I think that the Plan certainly reflects a great deal of focus on the problems that we are concerned with. I would say that they are far more comprehensive on this particular point than either of the two previous Plans that we reviewed.

I am very impressed with the attention given to medical problems.

There were some questions as to whether or not the Plan reflected enough of a program to assure that the environment would be protected, but I don't think there is much more that you could have done except assume that the present legislation would be as it is and would be enforced. Anything beyond that would be academic, and I don't think would have served such of a purpose. I am very impressed with the depth of information that you have gathered which, obviously, reflects a great deal of attention to the environmental area.

On the broader plane, which causes me some difficulty, I will pick up the point I was pursuing before. I am still a little concerned. Let me try to raise this problem again.

You indicate that the projections for where you expect the Region to be in 1985 are based on historical levels. You also indicate that you expect a billion dollars or so of Federal funds. Now, if you don't get those Federal funds, are your projections valid where you expect the Region to be as a result of ongoing normal investment, public and private?

Dr. BROOKS: Exactly.

Mr. BURKE: If you get the public investment of this billion plus, then you will be beyond?

Dr. BROOKS: Right.

Mr. BURKE: Okay. That is a very significant point there.

Dr. BROOKS: In meeting the goals formulated for the Region, all 18 substate areas will be up to approximately 90 percent of the national average, the Indian income will be increased by \$350, and the energy impact will be dealt with, et cetera.

Mr. BURKE: That is without the Federal funds?

Dr. BROOKS: Without the billion dollar program.

Mr. BURKE: Why didn't you—

Dr. BROOKS: Excuse me. That is, with the billion dollar program, we would be at that level we are projecting. All projections are subject to error, of course. We can't say for sure.

Mr. BURKE: Your statement then, Phil, that you made in your opening remarks, that the projections are based on historic levels of Government and private investment, is incorrect because the Plan clearly states that the billion dollars of Federal funds are beyond present levels.

Dr. BROOKS: Now, I am getting confused.

Mr. PITCHER: Hugh Pitcher, Labor. Can I interject? We were colleagues once long ago.

If they get the billion dollars, the projections indicate what the problems are. That is, where they would be without the Government money, if I understand what they say.

Mr. BURKE: They set the goals and regulations.

Mr. PITCHER: That is what they want the billion dollars for, to reach the 90 percent minimum of the national average.

Mr. BURKE: Okay.

Mr. JEFFERS: Sid Jeffers, Ozarks Regional Commission. Can I respond to something that another person said?

Mr. EDEN: Sure.

Mr. JEFFERS: I notice the gentleman from EPA rightly said that the Old West Commission more strongly addresses the environmental problem than the other two Plans that have heretofore been reviewed, and I am sure that is right because the Old West Commission puts heavy emphasis on the coal mining activities going on.

I think, though, the Federal agencies reviewing these plans must take into consideration the differences in these Regions.

For example, a Region like the Upper Great Lakes or the Ozarks, the two that heretofore have been reviewed, may not address the environmental aspects specifically in their Plans, but they certainly take them into account in their public works programs, their supplemental grant programs.

If you review the public works programs that these two Commissions do in conjunction with EPA, Farmers Home Administration, you will find that a tremendous percentage of the

money is going into water and sewage projects, some of which have been mandated by problems in growth, but quite a few of the other have been mandated by the environmental regulations laid down by EPA.

So there you have in a very real way—in dollars—these Commissions addressing environmental problems.

Mr. BURKE: Let me, if I may, pick up and make a few more comments.

You say on page 311 of the Plan that the funds are above and beyond current expected public expenditure for the Region. So you need these funds to achieve the levels that you expect.

Dr. BROOKS: Not the levels we expect. The levels that we want.

Mr. BURKE: All right. I am going to pick up on some of the points that HUD made. I don't know if I would agree with the written comments of HUD's very hard critique of the Plan. I don't think I would go as far as to say there is no plan at all.

But, in my prepared comments, which I still stand behind, I think you have somehow got to integrate the place where you expect to be with the projects and the funds that you assume are going to be forthcoming. I don't see any integration of that.

If, for example, instead of the billion dollars, you get half a billion, let's say 50 percent of what you expect the funds to be, what will you do? Will you go across the board on your table of projects and cut them all by 50 percent? I don't think so. I think you will look at each of those projects that you envision as being necessary to achieve those goals and put priorities on them. You will fund some of those at 100 percent, even though you have less than that in Federal funds.

I don't see any of that. It just appears as though project listing is a shopping list. I think there has to be some more focus on how each of those projects integrate and contribute toward the goals that you have set.

Dr. BROOKS: Let me make a comment, and then I will ask Al Minier, our counsel, to comment.

I emphasize that the next phase of the planning process will fill in the details on the projects. Maybe we have a semantics problem here. We define overall program areas that indicate priorities of funding. We do not specify projects in detail. It is necessary for implementation to have that project detailed, but that is the next step in terms of our planning process and a very necessary step. Al.

Mr. MINIER: What you are talking about is one way to view the Plan—as a strategy. We are not going to argue you have to get out there and work with other Federal agencies or the States in order to meet some of these goals.

I can give an example of a situation not predictable, and it comes in EPA. We have been working since we have had the draft Plan, so we have been doing some background work.

One of the discussions I had with EPA in Denver was on beefing up the 208 districts in the Region to do more essential work on a non-point source pollution aspect or water resource planning.

Now, as you know, later in the spring, there was a suit by the National Association of Regional something or other. They released \$165 million that did that exact same thing. We got \$30 million over ten years. That is allocated roughly for environmental activities.

All of a sudden, it looks as though our five States are going to have probably more than \$3 million, although we don't know exactly how much.

When it comes to doing the tactical things, it is not as though we are totally in the dark. The money comes from different places, different organizations, that can do different things at different times. I think there is where the flexibility comes in.

The Plan is valuable because it directs your attention to those things. It conversely directs your attention away from certain things that we don't need as much, such as roads.

Mr. BURKE: It still assumes that that very significant Federal input is going to be forthcoming. I see no addressing of the problem if it is not forthcoming.

Mr. MINIER: Nothing will happen. That is the real answer. If we received no more Federal funds, there is no increase above the projected levels. We will be exactly where the projected levels are in 1985.

We are talking about the strategy you would use to do something which is essentially proactive.

Mr. BURKE: No caveats in case the thing doesn't come through?

Mr. MINIER: If the thing doesn't come through, it doesn't come through. You can't control it.

You are talking about a pluralistic society with a great number of Government structures, at the Federal level, the State level, and at the local level. It is just too complex a universe for anybody to say for sure or, all things considered, to waste the money in saying exactly how something is going to turn out.

We can give you an example. We could spend a real fortune figuring out what will happen every step of the way. That is a waste of the taxpayer's dollar.

Mr. BURKE: I don't think it is a waste of the taxpayers' dollars. I don't think you have to figure out what the 50 percent, 90 percent and 80 percent is. But it seems to me that when you are projecting a Plan for the Region, I am personally very bothered by assuming that the Plan is contingent on all these funds coming through, and if they don't come through, we won't tell you where we will be. But in 1985 we will be somewhere between where we are now and where we were going to be. It seems to me you ought to focus more realistically on the issue of what you will do if you receive only a fraction of those funds. What are you going to do then?

Mr. MINIER: I just want to make one other comment. Let's go back to the instance I just told you about before. We have, let's say, a dual concern for doing EPA supplemental grants and beefing up non-point source pollutants. If, as happened in the spring, all of a sudden there is \$3 million more from EPA, we can move to another priority or alternatively move with the people that are ready to move now.

We have some strategy in the sense of where we want to go and who we want to work with. There is no final answer. So many things can change in ten years. Some of the programs we are talking about weren't around ten years ago.

Mr. KUGLER: Paul Kugler, Agriculture. Al, I think one other thing, too. I think you would want to have a picture of where you would be if not all of those resources come through. The billion dollars worth of resources is perfectly valid if the Old West Regional Commission were the agency that would be getting the funding to spend those monies where it wanted to. But it won't come through that way because the Commission is spending other people's money in the Federal Government.

If there is a new program under the Federal Energy Administration, or ERDA, and that makes available \$50 million or \$100 million, perhaps that is an area in which the total goals of this Plan are going to be completely met by 1985. This is something which, in essence, the Old West Regional Commission has no control over, just as they have no control over the private investment that will take place in the area. All they are saying is this is what we would like it to look like by 1985.

I agree with Al. I don't see any way in which the Commission can project what will and will not be available. As a matter of fact, I personally have difficulty projecting what is going to be available next February.

Mr. BURKE: What is the whole function of the Commission's planning exercise if it is not going to take limited funds and do something with it?

Mr. KUGLER: Their job in planning is to set out what it is that they would like the universe to look like.

Mr. BURKE: They are supposed to have some kind of effect on the universe.

Mr. KUGLER: And do what they can to make it look that way.

Mr. BURKE: What we are saying is that the significant input is coming from the Federal Government, and it might not come. If it does come, it will come in certain ways you have no control over. Therefore, what is the purpose of the Plan?

Mr. MINIER: The proposition gets much more complicated than that.

We do have some control over things. We know, for instance, from talking with ERDA people that if the Commission is willing to put up certain kinds of money for energy research and development in our Region to match present ERDA monies, they are more likely to do their research and development projects there than they are elsewhere. We know that. We know there are certain ways we can influence other people. It is not as though it is totally out of our control.

Again we are talking about a very large universe of possibilities. If Wyoming, for instance, to come back to the same ERDA example, passed legislation which gave it money, as the State of New York does, to invest in energy research, there would be less need for the Commission to focus on using its resources to leverage ERDA to do something, because there is state money to do pretty much the same thing.

There are so many possibilities. I am sure that the reason for having the Plan is to give us a focus for the strategy we are trying to undertake.

Mr. JEFFERS: May I ask a question here? I don't want to get into the Old West Plan. We have enough problems in the Ozarks with our own Plan to take care of us all year long.

I would like to ask this however. When the Environmental Protection Agency goes before the Office of Management and Budget, do you all present alternate levels of funding?

For example, do you say here is Alternative A, if we can reach this goal, here is Alternative B and so, therefore, you present to the Office of Management and Budget and the President three or four or five alternatives, one lower than your present appropriation, one higher than your present appropriation? Do you do that?

Mr. BURKE: It doesn't always come out that way. Yes, we do.

Mr. JEFFERS: Do you present alternatives to the OMB?

Mr. BURKE: Yes, we do get involved in the discussion of alternatives because OMB—

Mr. JEFFERS: I didn't ask that. I said do you present alternative budgets?

Mr. BURKE: Yes, we do.

Mr. JEFFERS: That is news to me. I think you present alternate requests and then you get an alternative which is lower.

Mr. BURKE: The point is we get involved in discussing alternative levels of funding and the implications of that. Yes, we do. It doesn't matter whether we present various alternatives. We know we are going to be discussing those no matter what level of funding we request of OMB. So we definitely get involved in that discussion.

Mr. EDEN: There is a question back there.

Mr. GEHLEY: For about the last year we have been studying the activities of the Appalachian Regional Commission over its first decade. I just want to toss out some factual information to put the activity of that one Regional Commission in perspective here.

When we talk about millions and billions of dollars, the Federal outlays in the Appalachian Region between 1965 and 1975 have remained fairly constant. The level is about \$20 billion to \$22 billion per year, strictly Federal outlays, in the Appalachian Region. The amount of money that has been appropriated to the Appalachian Regional Commission averages about \$300 million per year.

Most of the decisions made dealing with Federal investment in that Region, or any other Region, are made by the major Federal agencies, policies over which the Regional Commission has little control. The Commission supplements all other Federal activities.

The function of that Commission is to prepare a strategy for regional development. It is a physical impossibility for any one group to plan for \$22 billion worth of expenditure, but it is possible to develop a regional development strategy.

So the problems confronted here by this Regional Commission are really not unlike the problems confronted in Appalachia, but at least you have a strategy document that has put some estimate on the costs of solving some aspects of the complex interrelated problems.

Dr. BROOKS: Mike, did you have a comment?

Mr. EDEN: Why don't we keep going around?

## Remarks by Appalachian Regional Commission

Mr. KUBLAWI: I would have to be candid and say that Appalachia is in a much more favorable position. We have a highway program that attracts all the attention of the Government. We have much more money than the Old West.

I cannot sit here and really critique your Plan, critique your strategy, when we have all the money that we have.

I agree with Dennis that most of the programs we have we supplement, but we have adopted a single allocation and a subregional allocation strategy whereby the States can trade funds, whereby the States can establish priorities among programs and within programs. So that is a lot of leeway that we have.

I read your plan. It wasn't easy to read 758 pages. Frankly, I am very much impressed with the projections, the economics of it. I think it is fantastic. But I really would like to make one comment.

You wrote a very good plan, and you have very few resources to really work with. Let's face it. What control do you really have?

You still have a lot of control, a lot of leeway, and these are really institutions, Al, which brings us back to what the Regional Commissions really are. Some criticize them as being a fourth level of Government. Why are they really there?

I think they are there simply because they can introduce something called coordination between different levels of Government for problems that transcend state boundaries. It is a way to bring the States and the Federal agencies into some kind of an arrangement.

Given that, I think the Plan should have stressed more in its implementation strategy the different institutional things you can really deal with.

What is the relationship of this good Regional Plan to the various State plans? How do you really deal with the Government? How do the State plans match with the priorities established? What does the Commission do or the States or the Government do with the different interests?

Let's face it. The Old West, in terms of economics, is a very bright problem if you really want to look at the problems. There is the expansion in coal, the expansion in food.

But what the Commission can really do is in its institutional arrangement. I know it is very difficult to put on paper how you undertake an implementation strategy, but I think it should be that way.

You mentioned citizen participation. Under citizen participation you mentioned six studies. I am not against those studies. I think they are good studies. But, really, how is citizen participation achieved? I think that is very, very important. I think the Commission can do a hell of a lot as far as citizen participation is concerned, but if you have some ideas of how it can be achieved, you can really help the Commissions, and I think you should put it down.

That is all I have to say.

Dr. BROOKS: I have a couple of comments.

In terms of citizen participation, we already have a demonstration project for the State of South Dakota. It is a fairly large project being conducted by the State Planning Agency in South Dakota.

The general outlines of it include, first, local meetings where there is going to be a statewide television program to "X" number of localities in the State. At the same time this basic information on alternative development, scenarios, and the implications of them is being prepared in booklet form to be distributed to newspapers. The Governor in South Dakota is strongly behind this.

After local meetings, there will be multi-county so-called regional conventions, but within the State, and then a State convention is planned.

So we have already started in terms of one State with the citizen participation. We are going to have to see how it works out. I am sure there are going to be some bugs in it.

I would like to comment in terms of your assessment of the state of the regional economy. I agree wholeheartedly that it has tremendous growth potential in certain areas. Eastern Nebraska with its energy areas has been a strong growth area for sometime.

But what about northwest North Dakota? Many of you probably don't even know the communities in that area — I didn't know them until I came to work for the Commission — and other substate areas.

What about the Indian population in the Region?

We have attempted to focus on the areas that need the most help rather than, you know, playing the game of increasing income region-wide to national average, and thus probably leaving out a substantial portion of the population.

Mr. EDEN: Bill Anders, any comments?

## **Remarks by Coastal Plains Regional Commission**

Mr. ANDERS: Bill Anders, Coastal Plains Regional Commission. Our written comments were submitted sometime ago. I have no additional comments to make at this time.

## **Remarks by Pacific Northwest Regional Commission**

Mr. BRONSON: Mike Bronson, Pacific Northwest Regional Commission. My only comment addresses the Appalachia remarks.

I know there is a tremendous process in the Old West Commission in terms of these various levels. We are trying to do the same thing with respect to our Plan. Every State agency will have an opportunity to make an input.

In addition, as to the citizen participation aspect, all three States have been furnished alternative future programs with different kinds of emphases. Two of those States, as a result of the citizen participation, have identified alternatives which have become part of the Governors' Legislative Programs.

There is always a danger in citizen participation. What people want and what they are willing to pay for are two highly different things.

In the Northwest the process involves a vast percentage of the people, because everybody wants to have a clean environment, high employment, clean industries, good educational facilities.

The trade-off process, with which our States are presently involved, has different vantage points. And I think it is going to be very, very helpful as we finalize our Plan.

I think all the Commissions recognize the importance of getting as many levels of Government and citizens as possible involved in reviewing these plans and getting their inputs. It is not something done in a vacuum by Commission staff. And it is not an easy process.

Mr. EDEN: Thank you, Kay

Ms. FRANK: Kay Frank, Four Corners Regional Commission. I have no comments.

Mr. EDEN: John.

## **Remarks by New England Regional Commission**

Mr. DONAHUE: Jack Donahue, New England Regional Commission. As we go forward with the updating of our Plan, I think it is the feeling or the understanding of the Governors that they are participating in a process by which they lay out their goals and objectives, suggest some solutions and dollar amounts to solve those problems, but fully realizing they are not going to get the money through the Commission.

Perhaps the key here is really not to complete the process by commenting on technical aspects of a Plan, but rather for the Plan to be thoroughly examined and discussed by the other Federal agencies and that dialogue should focus on the regional programs being proposed and their implications on Federal agency programming.

Mr. EDEN: Sid.

## **Remarks by Ozarks Regional Commission**

Mr. JEFFERS: I already spoke and probably shouldn't speak again. I think it is unfortunate that the Commissions, especially the newer Commissions, are stuck for better or worse with the semantic of a "Plan."

One might argue that the Old West Plan is, at this time, a very comprehensive strategy statement, a goal statement, and I think the Old West Commission ought to be happy with that.

The Ozarks Commission is nine years old. I have been with the Commission the entire nine years. I can say that compared to the Old West, our first plan, the Ozarks, was so far inferior to the product we see here today that, looking backward, I am a little ashamed of it, because ours was really nothing more than a strategy statement. It didn't even have good demographic data in it.

Well, nine years later, we came out with a thing that I think is much better, but it took us a long time. I think the Old West Commission is to be commended that, after two short years, they have come as far as they have. It really is not fair to expect a Commission covering this big an area and with this big a problem to come out with anything definitive after a year's work when it took the Ozarks seven, eight or nine years to do so.

Lastly, I think that the Regional Commission experiment, which requires a plan by statute, ought to be extended to require the same type of planning process for all Federal agencies; they too should come up with comprehensive plans for their program before they present budgets. Then they might have budgets more meaningful in relation to their planning.

Mr. BURKE: I think a comment is called for here.

Any comments that this group makes about the Plan is not meant for any evil purpose. The whole think is to be constructive.

Granted, you have done a fantastic job of compiling it. I wasn't aware that you had only been working two years on it.

The point is, any comments that come from anywhere around the table are to try to help you to improve on that Plan because we are all interested in doing what we can to make sure that you realize the goals that you have set. The comments are not meant to be derogatory but to be constructive.

Mr. EDEN: HUD.

## **Remarks by Department of Housing and Urban Development**

Mr. WRIGHT: George Wright, HUD. In the spirit of the remarks that have been made, I would like to associate myself with them.

I think the Old West Regional Commission has come a long way in two years, and I think that the descriptive analysis of the Region and the Plan is outstanding. We can all suggest marginal refinements here and there, but it is outstanding. It is an incisive and very useful document to help both people in the Old West Region and people in the rest of the country to understand what is going on and what their resources and opportunities are.

We have written comments, which I have forwarded to you under date of August 5th, and they speak for themselves.

One point we make is that it is not a Plan in the sense that it is meaningful to us. We say this in the same spirit as my colleague from EPA. It is an attempt to be constructive.

The document is very strong on descriptive analysis, and it has a useful extrapolation of trends, but it doesn't seem to have a coherent plan in the sense of trying to channel growth or, to use Secretary Richardson's apt phrase, manage growth. It is essentially a statement of goals plus a strategy, as the gentleman across the table has said.

But a strategy is not a plan, and I think that what we need to do is move from the strategy outline toward a plan which will manage growth, which will help to organize the configuration of human settlements and industrial complexes that will achieve the various income and other goals, which are well set forth in the Plan.

In that context, I am reluctant to set the designation of population distribution and transportation, which I assume you will speak to as outside the control of the Regional Commission or of the States, I think that the essence of this is choice.

As Secretary Richardson has said, and as some of the others did, I don't think it is appropriate to sit back rather passively and watch the implications of history grind out without trying to influence it constructively. And I deplore that rather passive acceptance of the inevitable in the document. I must say that I deplore the suggested next step of a regional impact assessment system if we are not going to go beyond that and try to channel growth in areas where we get the most efficient results for our investment, where we get human settlement patterns which will serve the needs of the people, both Indians and the non-Indians.

I would call attention in the energy area to a document which HUD has presented, and we made a number of copies available. It is entitled "Rapid Growth from Energy Projects." This was put together rather quickly in cooperation with FEA, and the document is being revised and copies are available from HUD on request. We think it might be useful in going through the next stage of analysis.

Dr. BROOKS: I might add it was put together in cooperation with the Old West Commission.

Mr. MINIER: I worked closely with that. One of the things that struck me were your comments of August 5th. I know that document. I helped Dave Williams put it together. I proofread it.

That is much more on the order of local tactics. That is more or less a catalogue of what different people, different places, have done on an ad hoc basis to cope.

That is not the sense in which I understand you to say "Plan." You are in a much stronger tactical sense. I am confused, therefore, about just exactly what you have in mind.

If you are talking about what Dave Williams is talking about, we are intimately involved in that. We have the Old West Regional Commission figures in there, its technical assistance program, and a number of other things we have done. I am really confused.

Mr. WRIGHT: There are two separate points. One is in the overall document which is presented. I think there emerges a strategy document and a statement of goals, but that is not a plan in terms of giving coherent overt budgets which are within your control or which you can coordinate and then influence geographically and qualitatively. That is one basic point on the document.

This is a side remark essentially on the point that the Plan you set forth does not really respond directly to your goal, which is to prevent economic dislocation resulting from rapid energy development.

Now, it is true that you make projections of the impact, and it is true that you have identified some of the energy rich areas that could be developed. You do not, however, make a choice where you are going to develop, or where your transportation complex is going to be centered, or where your community development is going to take place, or a number of other things, in the sense of getting a decision ready for ratification or modification, or whatever.

This is not a definitive document. It was put together very quickly and, as you say, it is a catalogue of things that have been done. It is an attempt to avoid very rapid growth which has occurred in the past which has, in its haste, done many things that shouldn't have been done and hasn't done things that should have been done.

For example, when NASA was growing very rapidly in Dade County, they were very interested in getting housing accommodations and a number of basic infrastructures in place.

They didn't set any recreation areas aside, and they now have a situation where they have to spend \$160,000 an acre for their center city recreation areas. There are many sins of omission in that.

We are trying in this document not to give any definitive answers, but give a catalogue of things people should work on, and the question to be answered is, how to integrate these and how to coordinate these across various institutions as the GAO and Appalachia representatives have suggested.

Mr. MINIER: I am not disagreeing with things that involve agency coordination and basic work at the State level. But, again, my friend here from Wyoming and I have been working in Wyoming since we both started, since December of 1973, on most of these same issues.

Would you care to speak to the issue of what would happen if we sauntered in and told anybody where in North Dakota, Wyoming, or Montana we would like to have energy development?

Mr. FREUDENTHAL: I think the point that Al raises is one that ought to be considered. I think that this document, yes, can be criticized as not being a definitive plan, et cetera, et cetera, but in fact, that criticism probably alludes to one of the basic strengths of this Plan, as well as the particular Commission with which we are involved.

That is, that the resolution of the issues are based on some kind of understanding of the problem, and some kind of strategy about where you want to be, and what our goals are. It is not based on some kind of static plan that says we have decided that Powder River Basin in Wyoming ought to produce "X" tons of coal.

I think a reflection, or assertion, of that nature on the part of any Federal agency, or on the part of a State government in that particular Region, is going to be viewed with the deepest of hostility, and hostility which will manifest itself. He told me I have to be nice.

The Department of Interior, no doubt, can attest to the kinds of reactions that you get.

I read some of these comments when I came in this morning, and the ones about the fact that we ought to make these decisions about where the transportation sectors are going to be, and where the stuff is going to occur, seem to me to reflect an attitude that is

extremely common in Washington, and extremely uncommon in our part of the country. And that is the attitude that we are going to decide in advance how these things are going to be done, and they are going to occur that way.

Our preference is to talk about a process under which these decisions can be made on a sort of year to year or daily basis, fully cognizant of the implications it may have down the road.

But the kind of economy and planned activity you are talking about is just not going to occur. Also the assertion that the States have that kind of control, or the Regional Commission has that kind of control, is not reflective of the power development that occurs there.

I just think that the things you are criticizing are pretty good about the Plan.

Mr. WRIGHT: May I respond to that? I don't think that any Federal agency is inclined to direct or suggest where growth should take place. Certainly not HUD. I don't know of any other that would want to.

However, there is an enormous amount of geography in the northwest area, and there are limited resources, capital, and current operating expenses. There are limited resources to deal with the problem you have and to approach the goals which you have.

Sooner or later geographic decisions are going to have to be made on where those resources are invested. It is not possible to have growth occur everywhere in a uniform per capita basis across these States. We all recognize that, because if that were to occur, nothing would happen. The animals would have a good environment, but there wouldn't be a lot of people around.

So given the necessity for choice, and it is not the Federal Government that should make the choice, the States are wrestling with this question of where growth should or should not take place, and I think everyone around the table is sensitive to the delicacy and the controversy on this.

In the same sense, the allocation of State funds is controversial and delicate.

Having said that, one must still recognize the need to make decisions, and if you are looking for industrial development, or manufacturing development, or whatever, there are certain criteria which the large national firms follow when they make their branch plant or branch operation decisions. And in many cases if you do not have a minimum critical mass of population—I can't be sure what this is, but something, say between 50,000 and several hundred thousand, depending on the industry—the industry is not going to locate in your Region.

So along the lines of what the gentleman from EPA was saying, it seems to us that the States, and not the Federal Government, the States and the Regional Commission, have to figure out where their most likely areas of development are. They have to look at the budget and figure out where to place these funds, however difficult it is.

A certain amount of population distribution is within your control. It does require however, a great deal of coordination with institutions, State, Sub-State, and Federal agencies, to wire all this together; and we are all sensitive to the imperfections in the Federal delivery system what with the various categorical and block programs, and the flexibility associated with many of them.

As you wrestle with these problems and the institutional side of the process for a solution, I hope that you will be able to give us suggestions on how to consolidate programs for a more effective delivery system.

Mr. EDEN: Thank you very much. I think those points are very well taken. Mr. Case?

## **Remarks by Department of Transportation**

Mr. CASE: Edmond Case, Department of Transportation. We have written comments coming in. They contain a good bit of commentary remarks about the Plan.

I would like to make one, I hope, constructive criticism about an addition to the Plan. The theme of that is innovation.

I was particularly concerned by the Plan element which proposes \$290 million for community facilities in energy development areas. The Plan said nothing that would indicate to me that the community facilities that would be developed would be anything other than the traditional ones, brick school-houses, traditional roads, utilities, and so forth.

I think the Plan should call for innovative approaches to this sort of requirement. The implementation strategy should call for perhaps some particular measures to encourage innovation. I am thinking in terms of a strip mining operation that would be essentially mobile over a good bit of the area.

I think it particularly inappropriate that you have a permanent community put in one place, unless you have some other infrastructure-type developments to go with it.

I am thinking in terms of long-range commuting mobile communities, any number of different approaches that you might take, and there you might support the necessary research. You might do some sort of demonstration projects, but the main thing is that the Plan explicitly call for innovative approaches. That is what I would really like to see.

I might just add on the subject of health care delivery that that is another area where you could call for innovative programs.

Mr. EDEN: SBA is right there.

## **Remarks by Small Business Administration**

Mr. ETHERIDGE: First, I would like to start by briefly underscoring the importance of the part of the Plan, I believe it was goal number six, which stresses stimulating public discussion of these regional development issues—public awareness of the issues—and getting the public to come together and wrestle with them.

I think that the dialogue we just had between Mr. Wright and Mr. Freudenthal, of Wyoming, and the comments of Labor, and others, are well taken. Really, this is a very important goal.

I know on this question of energy development, energy resource development, it seems about all I read in the paper is that coal resources in South Dakota, Wyoming, and Montana

are there, but the State officials and the public in those areas are against developing them for environmental and other reasons, and this, of course, is a perfectly well taken position.

On the other hand, if we are going to have energy development, then there has to be some sort of resolution or compromise of the issue.

Our comments from SBA were included in the ones that were handed out, but I do want to make the point that in the assistance you are planning, private sector participation, private sector stimulation, for developing an economic infrastructure in the Region, developing manufacturing, tourism, other industries, we foresee a possible problem.

We feel it is important that you consider seriously not only of developing viable businesses, as you point out, but of being sure that the businesses are viable small business that you are going to assist. You can get businesses such as A&P, McDonald's and the Holiday Inn, and they are all viable businesses. But we would like to see some sort of screening process in your selection of particular businesses that are eligible for your financial assistance, to be sure that small businesses are given a fair shake and achieve a certain priority for getting financial assistance.

We certainly would not take the position that all businesses have to be small, or if you can't find a small business then you don't have any—naturally the economic interests of the Region come first. But don't lose sight of the fact that growth and the health of small businesses are a very important element.

I am sure all of you are familiar with those arguments, so I won't repeat them. I do hope that you will keep small business in mind when you are working out your financial assistance program.

Mr. FREUDENTHAL: I would like to make a comment, and that is relative to your assumption, or your reading of the popular press, about the attitudes of Western States on energy development.

I can't speak with authority for all the States, but with some authority for our State, and with some familiarity for the other States in the Region.

I think the assumption that the Governors, or the elected officials in those States, are against energy development is a fairly incorrect assumption. I think the position of most of the Western States is that, in fact, we understand the location of the resource, and understand the contribution that that resource can make to the resolution of energy and energy-related problems, but that our concern is relative to the nature and the timing and the manner in which that occurs. It is not the position of opposition to energy development, but opposition to a helter-skelter approach to it.

I think the activities of the individual States in their own programs to try to alleviate the adverse consequences of energy development have, in fact, aided that development by making it possible for people to remain in the Region, and build the plants, and develop the mines, and do what has to be done.

I think some of the activities taken with the Old West Regional Commission has significantly added to that capability.

I think the issue is not one of being against energy resource development. We recognize the economic benefits that accrue to our Region, but we also recognize that if the issue is not handled well, and treated wisely, that the kind of adverse environmental impacts, or the adverse lifestyle impacts, will far outweigh the economic advantages that will accrue to us.

I think that for purposes of this discussion I would like to correct that perception.

Mr. ETHERIDGE: Yes. I believe I did mention that some of your objections are well founded, and if you don't come forward with these considerations for protecting the environment and living conditions, then probably nobody else is going to.

Mr. FREUDENTHAL: You can count on that.

Mr. EDEN: Mr. Shanahan of the Army.

## **Remarks by the Department of the Army**

Mr. SHANAHAN: We have no additional comments.

Mr. EDEN: We will pass to Agriculture.

## **Remarks by the Department of Agriculture**

Mr. KUGLER: We have two comments. Number one is that these five States served by the Old West Regional Commission, I guess, form the breadbasket of the Nation. We feel that, while it is not presently a problem in these five States, the problem which has occurred in many of the Eastern States, and in parts of California, is of such magnitude that we urge you to consider it as one of your objectives in your Plan, and that is the preservation of prime agricultural land.

We have found that very often, for purposes of industrial development, for purposes of commercial development, it is always the prime agricultural land that gets used first, and not last.

If, in fact, the projections about the climate changes in this country are true and, if, in fact, we plan to use food as a foreign policy tool, then I think it behooves us to preserve to the maximum extent we can the land which is best suited for production and agriculture. We would urge you to consider that as a priority.

We think the Plan is excellent.

The second thing I would like to do is to congratulate Chip Wood and Al Minier on making available, as the first Regional Commission to do so, the Federal Assistance Programs Retrieval System to the five States. This is a program which is particularly suited for the implementation of the Plan, because when you go down to specific projects it identifies all of the Federal resources for which specific communities are eligible, which can be used to develop specific projects. I think it is a great research tool. I think the States are going to greatly benefit from this, and I congratulate Chip. Although they have only been in existence two years, I think it is a very significant achievement.

Mr. WOOD: I appreciate that. I can't take all the credit, because I think it was you, the Department, that called it to our attention.

Mr. KUGLER: It was Al Minier actually that did it.

Mr. WOOD: Al, wherever you are, thank you.

Mr. KUGLER: Right.

Mr. EDEN: Labor?

## Remarks by Department of Labor

Mr. PITCHER: I want to pursue some of our comments about the issue of the standard of living perhaps being one of the principal goals of the Plan.

My profession is sometimes known as being a ruthless number cruncher, so I want to ask a question about the numbers. I think you are putting an awful lot of pressure on things like average per capita income in setting goals. I sometimes think we need sort of a statistician on one side and a good journalist on the other side to offset each other in terms of drawing impressions. I think you get one impression about the standard of living if you are a statistician and look at these numbers. I don't know precisely what the differences are, but I think it is very critical that you go into this issue of standard of living. I am not saying that the differences are not real. I am saying the numbers may not measure in an accurate fashion what the differences are. So the income goal is one, I think, I would like to underline that needs a lot more work.

The second thing, and what I am directly involved with in most of my work, is manpower training programs, their evaluation and impact.

I would like to attach a great big question mark behind those programs in terms of being able to deal with the long term kind of problem that you see as being relevant to this goal of changing income. You are talking about, as nearly as I can figure, a 15 percent change in relative income for some of these areas as opposed to the national average. If I understand your goal correctly, it was to increase the per capita income by \$270, relative to the rest of the Nation, which works out to somewhere around \$750 for every worker over the long haul.

We can, with manpower training programs, attack marginal parts of the work force, less well trained parts of the work force, people temporarily unemployed, and do some good for them.

We can't deal with this kind of a change in relative income with these kinds of programs. It is not within their structure to deal with them.

So there are other ways of looking at the capital structure, perhaps looking at the labor market clearing mechanisms.

Mr. EDEN: Thank you. I guess Commerce is the last remaining agency. Bob Rauner.

## Remarks by Department of Commerce

Dr. RAUNER: I seem always to end up with the chore of summarizing the formal comments within the Department.

In this instance there were three reviews: by the Office of Regulatory Economics and Policy, by EDA and by the Bureau of Economic Analysis.

The first, on the telephone, told us they thought it was a good Plan, and had no specific comments.

EDA noted that the Plan was excellent, had relatively complete analysis, and pointed to only a few deficiencies, in their view.

The first, they said, seemed to lie in the need for further analysis that would coordinate the many programs to impact on the Region's growth. For example, EDA noted there was no analysis of public expenditures, or of the factors lying behind Federal decisions, a point that had been raised earlier.

They said, as another example, there was no analysis of tax policies that might impact on growth, and these they judge to be significant in the Plan, and I would personally agree with that.

Another deficiency that EDA pointed to lay, in their eyes, in the insufficient discussion of the institutional capacity for planning management. That is the point that our friend from Appalachia raised, and is certainly noteworthy.

But overall, EDA judged it an excellent study, and gave it high praise, particularly for its treatment of the environment.

That's the good news.

The Bureau of Economic Analysis, as is their want, judged that the Plan had failed to present convincing analysis for achievement of economic improvement in the Region. Their examples were: it failed to explain the causes that underlay the migration reversal and what the implications of that are for regional development.

Another instance: They took note of the high ratio of employment to population, which in the Plan was used to argue for upgrading the job skills in the Region as a means of increasing the income. They said they could find no evidence to support this inference, but on the contrary, they noted that the employers' questionnaire, which was referred to in the Plan, indicated that labor quality was a factor high in decisions of firms that located there. So, they said, if employers think they have high quality, how do you argue on the basis of the employment-to-population ratio that you need to upgrade skills.

They generally felt that the energy developments were not adequately analyzed, particularly in respect to spreading the benefits derived from them—the point noted earlier. In only four out of the 18 sub-State areas would the energy impact be notable and heavy and, therefore, they asked for a treatment of how these effects were to be dealt with.

On a slightly more positive note, they sort of ran a little checklist against the criteria of the planning guidelines, and agreed that the data used are consistent with national economic data, namely because BEA produces them, which is to their credit.

I can speak for our office, that is the Office of Regional Economic Coordination. As Chip mentioned, I have participated in various constructive and unconstructive ways in the evolution of the Plan, and I am conscious that that can either make me a paid hand, or an insider, who knows things and who won't reveal them. But, in any event, in my own view I think all praise is due to an excellent job.

It does display the principal economic features of the Region, and it does attack that most difficult issue of trying to get an estimate of the costs involved. Most plans resist that. Most Government agencies don't like to do that. Congressmen don't even like to see it because it gives big numbers, and everybody gets mad, including OMB.

But I think it deserves all credit for that.

My only reservation is over the question of how are the proposed programs more directly linked to the goal objectives.

To give a specific example: how much per capita income increase is expected from, say, the \$100 million that is proposed here for manpower training? That is the point you raised.

There is an array of costs against the programs with the \$1 billion that we discussed earlier, which has in it implicit priorities. Roughly 40 percent of the money goes to the income objective, and health problems get five percent.

Well, a good question is why? We don't know from what is written here why one gets 40 percent and one gets five. That is a tough question to answer, but it is one that on reflection I think we would want answered, and it bears upon the issue of our friend from EPA who says: if you don't get the billion, then what?

You can't look at all alternatives, but it still is valid. We can't look at all alternatives, obviously, but we can at least ventilate our concern about some major ones, and that is one way to address it, I believe.

But I say again, I have had a chance, fortunately, to review many plans. I think this one deserves high marks for being up in the upper grades, like an A-plus, or something like that.

Dr. BROOKS: Thank you very much.

Mr. WOOD: Very good. I want to thank everybody for coming here today and offering us advice and counsel and constructive criticism. You can be sure that they will be taken into account when Dr. Brooks and Dr. Paul Kolp revise the Plan and come out with the final document.

Again, thank you very much, and I appreciate your coming here today.

Mr. EDEN: Could I make one final comment? In the back of the room is Mr. Dick Greer, who is a senior staff member of the Senate Public Works Committee, having jurisdiction over the Title V Regional Commissions. Dick, we are delighted you could be here today.

Mr. GREER: It has been a good experience.

Mr. EDEN: These are unique opportunities. We bring together all the disciplines of the Federal Government, and focus on a geographic region with all its problems and all its growth potential. It is the one avenue we have in which we can offer assistance and guidance on various aspects of a region's growth and development. I think these meetings are extremely helpful and constructive.

Again, we appreciate your participation, and the quality of the comments that were made. We will now adjourn.

(Whereupon, at 12 noon, the Thirteenth Meeting of the Federal Advisory Council on Regional Economic Development was adjourned.)

**APPENDIX A**

**WRITTEN STATEMENTS OF EXECUTIVE AGENCIES,  
REGIONAL COMMISSIONS, AND EXECUTIVE AGENCY  
REGIONAL OFFICES**



DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20250

JUL 30 1976

Mr. John W. Eden  
Office of the Secretary  
United States Department  
of Commerce  
Washington, D.C. 20230

Dear Mr. Eden:

We appreciate the opportunity to review and comment on the Regional Economic Plan of the Old West Regional Commission.

Several aspects of the plan exhibit the Commission's positive approach to regional development. Especially commendable is the intent, embodied in one of six commission goals, to actively seek greater citizen participation in the governmental decisionmaking process and to serve as a forum for discussing regional issues.

The plan also shows concern for environmental issues. While recognizing the difficulties involved in controlling agricultural and other non-point sources of pollution typical of this region, the Commission has stated its commitment to maintaining the currently clean environment.

However, in another environmental issue, the maintenance of prime agricultural land, the plan shows less concern. The Commission states its interest in reclamation of land after strip mining or other use, but such commendable after-the-fact solutions will not save farmland from urbanization and other developmental uses which do not allow its recovery for agricultural purposes. Much prime agricultural land has been irretrievably lost to nonagricultural uses in recent years. We believe more concern for this issue would be justified, especially in an area that depends so heavily on agriculture as a major industry.

We will be happy to discuss these ideas with the Old West Regional Commission in detail.

Sincerely,

James E. Bostic, Jr.  
Deputy Assistant Secretary



DEPARTMENT OF THE ARMY  
OFFICE OF THE ASSISTANT SECRETARY  
WASHINGTON, D.C. 20310

26 JUL 1976

Mr. John W. Eden  
Acting Executive Secretary  
Federal Advisory Council on  
Regional Economic Development  
U. S. Department of Commerce  
Washington, D. C. 20230

Dear Mr. Eden:

This is in reply to your recent memorandums concerning the Regional Economic Plan prepared by the Old West Regional Commission.

Mr. Daniel J. Shanahan, Assistant Chief of Planning Division, Directorate of Civil Works, Office of the Chief of Engineers, will attend the 11 August meeting as the representative of the Department of the Army. Our comments on the Regional Economic Plan are attached.

We appreciate the opportunity to make this review.

Sincerely,

1 Incl  
As stated

Charles R. Ford  
Deputy Assistant Secretary of the Army  
(Civil Works)



COMMENTS OF THE DEPARTMENT OF THE ARMY  
ON  
REGIONAL ECONOMIC PLAN

1. Page references to the abridged report appear in parentheses, while other references refer to the full report.
2. Employment participation ratios are described as "total employment divided by population age 20 through 64 years old." This concept is questionable since it does not consider the entire universe of those who are employed among those 15 - 19 and 65+ years of age. Ref. (11) 55-7,559.
3. "About 45 percent of the nation's agriculturally productive land is in the Region." Without some measure of productive capacity - value of crops and livestock and livestock products produced and/or sold - this unqualified fact is very misleading. Ref. (13), 79, 256.
4. ". . . it was estimated that in 1970 the Upper Missouri River had an additional 9.9 million acre-feet of surface water available annually for use. This amounts to over 50 percent of the 1970 water consumption in the Region." Total depletions of surface water above Sioux City in 1970 have been estimated at 5.7 million acre feet. Therefore the additional 9.9 million acre-feet of surface water available is 173 percent of consumption. Ref.(14).
5. "Wheat production rose by 100 percent during the 14-year period 1959-1973, while corn production rose by 84 percent during this period. It is quite misleading to compare any two years production as being representative, particularly in a region where weather and other growing hazards are subject to broad changes. Five-year averages may be more realistic for comparison. Ref. (14).
6. "Between 1969 and 1973 wheat prices have experienced a 242 percent increase . . . . livestock and poultry . . . 180 percent between 1959 and 1973." The comparison of prices between two given years is subject to the same hazard as for production but also when presented in current dollar values, rather than constant dollar values, cannot serve as a relative comparison in real terms. Ref.(14).
7. "South Dakota has no through rail service . . . ." Northern South Dakota is served by the C.M. St. P. & P. (Milwaukee) trans-continental line. Ref.(20), 168.

8. "In 1973, hydro plants generated about 40 percent of the power produced in the Region, and the Region was a net exporter of power . . ." There appears no discussion of the value of hydro (and natural gas and oil internal combustion) plants and their relative position in the industry to serve peak power demands because of their ability to come on stream on short notice. Without this ability the size and installation of other plants (steam and nuclear) would have to be considerably different than now exists. Ref. (21)

9. The use of constant 1967 dollars to reflect a series "real" earnings and income in many portions of the study creates an illusion. For example, it seems less than desirable to present 1974 dollars at only 72 percent of what they were in 1974; each of the 1967 dollar values presented should be increased by approximately 1.40. Ref. (23), 60, 275-6, 367, 370-2, 374, 381, 383, 385, 387, 389, 396, 398, 400, 402, 404, 408, 410, 412, 418, 420, 422.

10. The difference between "work force" and "labor force" should be defined when first used in the report. Ref. (31) (Table 6).

11. The difference between the OBERS projections of regional activity should be clarified, since they were both called 1972 OBERS projections. The first edition, dated September 1972, utilized the Bureau of Census Series "C" projected national population. The second edition was dated April 1974 and utilized the Bureau of Census Series "E" projected national population. The statement that either used 1970 and 1971 data alone is quite misleading. Ref. (31), 491.

12. Projections of growth in the Western sub-state area of South Dakota have not been explained even though it is greater than southeast Montana. Ref. (32-6), 412-3.

13. Presentation of data depicting the annual rate of change of employment and population, while not incorrect is quite misleading without explanation why the employment rate is several times the population rate (the difference in base). It may be well to show the actual change in addition to the percent change. Ref. (33).

14. "Trunk-line water transportation systems would be built and funded by the Bureau of Reclamation, Department of Interior, or the Corps of Engineers." Such construction is not within the normal mission of the Corps of Engineers, it would require precedent-setting legislation. Ref. (55) (Table 13).

15. "Only portions of Nevada, Utah, and Arizona contain the low population densities found in the Region." Reference to Figure II-2 indicates this is misleading (i.e. Idaho, New Mexico). Rather than calling out specific states say, "Only portions of several other western states contain . . .". Ref. 19-21.

16. ". . . the very greatest employment, income and poverty problems in the Region exist among the American Indian inhabitants . . . .". It may be well to add this situation is further complicated by Indians residing on reservations, due to cultural, social and political restraints, which for the most part are located some distance from urban job markets. Ref. 53.

17. "Census data indicate that the unemployment rate among Indians was over 19 percent. . . . in 1970." References to publications listed in the bibliography, page 751, from the Aberdeen and Billings Area Offices of the Bureau of Indian Affairs, based on the March 1973 Labor Force Reports, indicate quite different or greater unemployment rates, i.e. Montana - 38.2%, Nebraska - 52.5%, North Dakota - 42.9%, South Dakota - 39.3%, Wyoming - 48.0% Ref. 58-9, 313.

18. The use of annual rate of change in current dollars between different years creates an illusion similar to that expressed in paragraph 9 above. Rates of change should be measured against constant dollars. Ref. 60-3, 108-9, 170, 172-9, 256, 370-2, 379, 381, 383, 387, 389, 396, 398, 400, 402, 404, 408, 410, 412, 418, 420, 422.

19. Several errors were found in Table IV-3 concerning drainage areas (square miles) in the Missouri River Basin - according to our records: Main Stem Missouri River at Herman, Missouri 528,200; . . . at Oahe Dam 243,490; Belle Fourche River 7,320; Cheyenne River 25,500; Grand River 5,700; Little Missouri River 9,500; Moreau River 5,400; Platte River at South Bend 89,920; North Platte River 33,924; South Platte River 23,960; Niobrara River 12,000. It seems awkward to present drainage areas for rather small streams and then combine the Eastern Dakota (including the Big Sioux River 9,570 and James River 22,100) and the Upper Missouri (including the Milk River 23,159; Marias (including Teton) River 9,147; Sun River 1,991; Smith River 2,021; Musscle Shell River 9,040; Jefferson River 9,661; Madison River 2,531; Gallatin River 1,826). Ref. 90.

20. "Water for generating thermoelectric power . . . .". It is important to distinguish between consumptive and non-consumptive uses. There is very little water consumed in generating steam in thermoelectric power plants. Most of the water "used" is for cooling and very little of this is consumed depending on the method used varying from that which is passed through less than one percent to various methods used for cooling in circulating systems. Uses for hydroelectric, recreation, navigation, fish and wildlife are of course non-consumptive uses. Ref. 100, 717, 719, 724.

21. "Thus, it is probable that the Region is not obtaining "its share" of the growth from the natural linkage between agriculture and food processing." This is an over simplistic rationalization. Many of the products such as grain will not likely ever be processed in the Region to the level of production, simply because of the cost of shipping the raw as opposed to the finished product, etc. Ref. 275.

22. The discussion of fuel conversion fails to present any information regarding the process of liquefaction of coal and lignite to produce liquefied petroleum products and other associated chemical products. This is a subject that has surfaced through the years, mentioned in the Missouri River Basin Framework Study and more recently in publications such as COAL DEVELOPMENT ALTERNATIVES - An Assessment of Water Use and Economic Implications, prepared by the Wyoming Department of Economic Planning and Development, December, 1974. Ref. 257, 643, 657, 717, 719.

23. "The control measures to be applied on waste water discharges from energy-related developments . . . ." It is important to distinguish between thermal and other types of pollution.

24. "Based on the previous analyses and projections of the regional economy, this chapter presents the Old West Regional Commission's objectives and goals. A public program and policy strategy . . . ." There are many local, state and Federal groups and agencies who have proposed similar goals and programs for a long period of time. It would seem appropriate to emphasize how the Regional Commission represents an agency that will have advantages over previous segmented efforts, etc. Ref. 311, 321.

25. "Employment Data" Another factor that should be given consideration is the erratic nature of seasonal employment. This is particularly significant in a region that has a large number of people employed in agriculturally related employment where for many months of the year there is underemployment and/or unemployment. This is also true in certain sectors of the service employment group, particularly those related to tourism and recreation. Ref. 368, 373, 375, 382, 384, 386, 388, 390, 397, 399, 401, 403, 409, 411, 413, 419, 421, 423.

26. "Survey of Employers . . . Recipients were selected using the criterion of having greater than 100 employees . . ." This would seem an unwise screening method, heavily weighting certain industries such as manufacturing where 60 percent of the responses were obtained. It would likely present some bias toward responses from Nebraska where the largest urban areas are located. Generally there would be very few employers in the trades and services sectors who would have more than 100 employees. Perhaps it would have been preferred to determine the average number of employees per employer by various sectors, therefore being more selective but lending more balance among the different sectors. Ref. 431.

27. "Earnings Multipliers . . . All manufacturing earnings . . . not in excess of the national share of earnings of these sectors, were considered basic." This selection criteria appears over simplistic, since it does not consider whether the products produced were produced for local consumption (sub-state area or the region) or were exported. For example all the hypodermic syringes produced in Columbus, Nebraska, neither utilize raw materials from the area, nor are all their products consumed in the area (or region). Ref. 494.

28. "Other Developments . . . other developments that could be discovered as being unaccounted for in the "adjusted" OBERS projections were . . . the Garrison Diversion project in North Dakota and the Oahe Diversion project in South Dakota." This growth was accounted for in the Missouri River Basin Framework Study. Some but not the full impact of these two projects will be experienced by 1985, depending upon funding and construction schedules. Ref. 657.



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20201

AUG 10 1976

Mr. John W. Eden  
Acting Executive Secretary  
Federal Advisory Council on Regional  
Economic Development  
U.S. Department of Commerce  
Washington, D.C. 20230

Dear Mr. Eden:

We have reviewed the Old West Regional Economic Development Plan. It provides an excellent description of conditions in the region. The projections for the economy, population and community facilities are very useful.

We concur with the goals set in the plan. We are concerned with the issues of rural health and the potential dislocation from rapid energy-related development, and thus support your goals in these areas. To insure coordination of the Commission's proposed programs in health services and vocational education, I am forwarding your report to our program agencies within the Public Health Service, Office of Education and the appropriate regional offices.

Sincerely,

William A. Morrill  
Assistant Secretary for  
Planning and Evaluation



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D.C. 20410

OFFICE OF THE ASSISTANT SECRETARY  
FOR COMMUNITY PLANNING AND DEVELOPMENT

IN REPLY REFER TO:

5 AUG 1976

Mr. John W. Eden  
Acting Executive Secretary  
Federal Advisory Council on  
Regional Economic Development  
Department of Commerce  
Washington, D. C. 20230

Dear Mr. Eden:

This is in response to your request of May 26, 1976, for Departmental comments on the Old West Regional Commission's Regional Economic Plan, dated March 1976, which has been submitted to the Department of Commerce.

General Description of the Old West Region

This Region includes the States of Montana, Wyoming, North Dakota, South Dakota, and Nebraska. These are very sparsely populated States with very slow historical rates of population growth: the Region has 13 percent of the nation's land use and under 2 percent (almost 4 million) of the nation's population. The Region contains a total of only six or seven small metropolitan areas of greater than 50,000, three of them in Nebraska. The Region is surrounded by somewhat larger metropolitan areas which seem to exert a pull on economic and population forces within the Region. Employment participation rates of the Region are higher than for the nation and unemployment rates lower, but per capita incomes and mean family incomes are below those of the nation and their growth rates in the Region are lower than in the nation.

The Region has good farmland which grew about one third of the nation's wheat crop in 1973, and it has considerable growth potential in coal, petroleum and other minerals, particularly in Montana, North Dakota and Wyoming. Transportation is reasonably adequate for existing needs, but focal points and intermodal transshipment points are generally lacking and the ground transportation system is oriented largely on an east-west basis. Educational levels are slightly above the national averages. The Region has a net surplus of power and energy which it exports. The Region has good environmental conditions and adequate water supplies, but water supplies are not always located where they are needed and there is rapid growth in water utilization which might ultimately strain supplies.

The population is mobile and there was an historical trend of sizable outmigration for several decades until 1970, particularly in the 20 to 29 age bracket. Since 1970, however, trends have reversed and there is some immigration in response to the increase in mining and manufacturing. Within the Region, people have demonstrated a willingness to move in response to changing job opportunities. The principal minority group is the American Indian which comprises the Region's most difficult poverty problem.

#### The Old West Commission's Regional Economic Plan

The formal Old West "Regional Economic Plan," revised March 1976, consists of three major parts: Regional Conditions, Resources and Structure (pp. 15-262); Projections of the Regional Economy (pp. 269-302); and Proposed Regional Policy Plan (pp. 311-319). In addition, there are some 13 technical appendices (pp.337-737) indicating how the descriptive chapters were derived, an executive summary (pp.v-viii), and an abridged version published as a separate document.

#### Comments on the Old West Regional Commission's "Regional Economic Plan"

1. This document under review cannot be considered an economic plan in any meaningful sense. The document consists almost entirely of descriptive materials and data on historical trends and existing conditions; here the contractor (see footnote 1, page 8) has done a good job. The principal discussion dealing with possible futures is in the projections (pp. 269-302) which consist first, of OBERS data excluding energy developments and then of three alternative projections (high, low, and expected) based on possible energy development. But as Nobel Laureate Leontief has recently remarked, "A plan is not a forecast. The whole idea of planning assumes the possibility of choice among alternative feasible scenarios." The Old West Commission's document does not get into this either in the sense of channeling public investment or in the sense of providing incentives to private industry.

The document ultimately sets forth the Old West Regional Commission's six "specific goals" on page 311 (later brought into the executive summary and the abridged publication) and it then lists a series of generalized, proposed projects with suggested budgets, but with no discussion of geographic location or how the proposed projects are going to be welded together in a meaningful whole. The contractor on this study has assembled data and projections as a basis for creating an economic plan, but no economic plan has been created, or begun.

2. In view of the conditions described in the Old West Region, energy development is the dynamic that seems most likely to cause significant change in the Region in the coming decade. A specific goal (number 3, page 311) of the Old West Commission is this: "To prevent serious potential dislocations or disruptions from occurring in the regional economy as a result of rapid energy-related developments."

Has the contractor met this goal? We think not. In fact, the document under review does not appear even to make a useful start in this direction beyond noting the possibility of energy development; noting the projected loci (p. 697) of such developments in Southeast Montana, Southwest North Dakota, and East and Southwest Wyoming; and making certain projections on possible implications.

In view of the regional and national significance attaching to energy and related growth, HUD in cooperation with the Federal Energy Administration has put together a background booklet, Rapid Growth from Energy Projects: Ideas for State and Local Action (copy attached). We commend this booklet to the attention of the Old West Regional Commission.

3. Except for vague generalized remarks about possible energy-related development, the Commission takes no position on where growth "should or should not take place." To avoid even a delineation of the principal alternative locations is a copout. Moreover, the writers of the document as submitted seem totally unaware of the state comprehensive plans now under development in each of the five States with financial support from HUD's Section 701 Comprehensive Planning Assistance program. Under Federal legislative amendment of 1974, and implementing guidelines, these State plans must include a land use element which delineates "where growth should and should not take place."

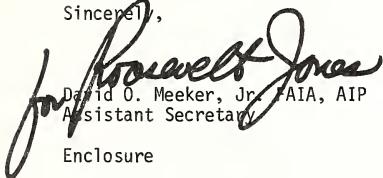
More directly to the point, HUD questions the designation (page 259 et seq.) of "population distribution and size" and "lack of transportation focal points" as "not controllable over the next ten years." Certainly these can be influenced significantly both by States in their plans and in their strategic locational choices for public investments and by the Old West Regional Commission through its locational decisions. The prospect of likely energy-related growth gives the Old West Regional Commission and the States greater opportunity for influencing distribution of population within the Region than has existed at any previous time in this century. After decrying the current absence of significant metropolitan areas within the Old West as a disadvantage when trying to attract large scale industry and deplored the lack of focal points for ground transportation, the Old West Regional Commission would seem to have strong motivation for taking full advantage of its emerging opportunities stemming from the energy crisis.

4. Inadequate public investment at the local level can be a serious problem for high growth areas as noted on page 261. Moreover, HUD's Community Development Block Grant funds, which are distributed by formula on a basis of population and related factors, produce a lag in responding to rapid growth in the same manner as do traditional local public finance measures. Particularly if this rapid growth in the Old West Region is related to enlarging supplies of domestic energy resources, it is possible that a case can be made for special infrastructure assistance to those areas of the country in which energy-related growth is occurring.

In summary, we believe that the Old West Regional Commission has assembled a significant amount of data and analysis which provide background for an economic plan for the Region, but we do not believe that an economic plan for the region has been created. Moreover, we do not believe that a meaningful plan can be created without dealing with the important geographical dimension for public investment or without dealing with the matter of urbanization and the creation of at least a small number of critical masses of population in human settlements (SMSA's) that can absorb large, efficient modern industry and serve as focal points for commerce relating to agricultural and mining activities in the surrounding areas.

Mr. George W. Wright will represent HUD at the 9:30 a.m. meeting on Wednesday, August 11, 1976, in Room 6802, Main Commerce Building.

Sincerely,



for Roosevelt Jones

David O. Meeker, Jr., AIA, AIP  
Assistant Secretary

Enclosure



# United States Department of the Interior

OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20240

AUG 6 1976

## Memorandum

To: John W. Eden, Acting Executive Secretary  
Federal Advisory Council on Regional  
Economic Development  
Deputy  
From: Assistant Secretary, Program Development and  
Budget  
Subject: Old West Economic Development Plan

Attached is a paper presenting general comments resulting from our review of the revised draft of the Regional Economic Plan prepared by the Old West Regional Commission. Our comments are directed primarily toward providing suggestions for further consideration by the Commission as they carry forth with their planning process. Also mentioned are some ongoing study efforts which will provide current data and information useful to the Commission in its anticipated updating of the Regional Economic Plan.

We appreciate the opportunity to review the reports and would be happy to discuss them at the August 11, 1976, meeting.

Attachment



REGIONAL ECONOMIC PLAN

THE OLD WEST REGIONAL COMMISSION - MARCH 1976

(General Comments from the Department of the Interior)

The purpose of this report is to provide some general comments resulting from a review of the revised draft of the Regional Economic Plan prepared by the Old West Regional Commission. The report has been prepared in two documents: (1) An abridged version which highlights the study effort in six major parts; and (2) a more detailed report consisting of 13 chapters and a series of supporting appendices and tables. These comments for the most part are reflective of the Summary or abridged version.

Both documents are well prepared and are representative of substantial input from a wide range of private and public interests. Considering the brevity of the planning time frame and the self-imposed constraints in the planning process, the reports are noteworthy in that they represent a responsive effort toward satisfying the requirements of the Public Works and Economic Development Act of 1965. The Commission views the planning process as continuing and is prepared to review and update this planning document and the Commission's plan as better data are made available and issues are further amplified and clarified.

This Department is actively involved in an ongoing State/Federal planning effort for the Yellowstone Basin and Adjacent Coal Areas. The Level B study being conducted by the Missouri River Basin Commission will analyze needs, provide alternatives and recommendations for the major energy/mineral producing area within the five-state Old West Regional Commission. Other Federally funded energy-related studies (e.g., EPA and USDA) are also underway and will provide additional data and information useful to the Commission.

The environmental considerations and projections in this plan might be broadened to include other elements which will surely be affected by proposed future development. In addition to projections made for effects on air and water, perhaps other resources merit inclusion and analysis. For example, while the gross effects on land requirements are discussed briefly in terms of overall acreage, the effects on land use may deserve further clarification: How will the use of open space be impaired, what about recreation lands, and what will be the impacts on the aesthetics of the region?

Vegetation and wildlife are two other elements certain to be impacted by the enormous changes in land and water use associated with energy-related development. The removal of thousands of acres of land from an undeveloped state to industrial and community uses will directly and, perhaps, adversely affect much of the flora and fauna of the region; these environmental changes deserve some analytical treatment in even a general plan.

It should be made clear that Federal and State regulations for air and water pollution control will not tightly control these other significant environmental impacts associated with energy development and population expansion, and that regional environmental quality may indeed deteriorate despite these air and water controls: First, because of effects on environmental components besides air and water, as discussed above; second, because even the level of air and water pollutants will increase over the present levels up to the levels of Federal and State control; and third, because of the almost certain significant detrimental local impacts by new industrial and municipal point and non-point sources.

Additionally, a bit broader picture of the economic and environmental projections for the region might be gained by the use of some of the most recent development plans or environmental statements for background material (e.g., Eastern Powder River Coal Basin, 1975).

The Regional Economic Report points out the potential problems inherent in the increasing competition for available water supplies primarily between irrigation and energy-related developments. Also mentioned briefly are the institutional constraints to the interbasin transfer of water. It is apparent that water is not predicted to be a constraint to future development within the Commission area; however, this appears to be one resource area that warrants a continual monitoring and updating. The States have expressed desires to maintain an intensive agricultural base and at the same time develop the vast energy resources within the region. To achieve these goals along with maintaining adequate environmental standards and other factors of economic progress desired by this region calls for imaginative and properly controlled growth. The report indicates an awareness of this situation.

It is stated that there appears to be no major regional deficiencies in the transportation network, including rail facilities. It should be pointed out that one of the modeling efforts underway for the coal producing areas shows preliminary data which indicate the only constraint to full scale coal production by 1985 is the existing transportation network.

The abridged report would be improved if the cross-referencing between it and the detailed report were intensified. The existing cross-referencing is very helpful to the reader.

We note that a series of "futures" has been projected; one using OBER data and three others, baseline, low and high which take into account potential energy development. The baseline projection is called the "best estimate" of what is likely to occur. It would be helpful if additional reasoning were provided for the development of the baseline (and, indeed, the other alternatives) and for the selection of it as "most likely."

In summary, the overall report is a well done effort and provides a useful base for future planning in the five-state Commission area. We appreciate the opportunity to review and comment upon it.

U.S. DEPARTMENT OF LABOR  
OFFICE OF THE ASSISTANT SECRETARY  
WASHINGTON

12 JUL 1976

MEMORANDUM TO JOHN W. EDEN

Subject: Review of Regional Development Plan of the Old West Regional Commission

I have reviewed the Old West Regional Commission's Regional Development Plan as per your request. My comments on the Plan are attached.

*Abraham Weiss*  
Abraham Weiss  
Assistant Secretary for Policy,  
Evaluation and Research

Attachment

Comments on Regional Development Plan of  
the Old West Regional Commission

Many of the topics covered in this report can conceivably generate a substantial amount of discussion. Unlike the Upper Great Lakes Regional Commission, the Old West has chosen, as one component of its goals, per capita income rather than employment, to target investment and other policies. As one indication of relative need the Commission compares the per capita personal income of the Region to the nation as a whole. According to this index, per capita personal income for the Old West was 95% of the national average in 1974. Another index, mean family income, was 13% lower in the region than for the nation. Since the Commission also notes that the region is relatively rural in nature, and rural incomes are typically lower than urban, the magnitude of the problem may be overstated. Because of factors such as income-in-kind, home grown food, lower rents, etc., cost of living differences moderate observed income differences. Even recognizing the inherent difficulties in quantifying quality of life factors and the potential controversy that can be generated by such a calculation it appears to us that the magnitude of the problem is overstated by the Commission.

Also, if personal disposable income per capita were used as the index of need and computations were made for income received in kind, one wonders whether any deprivation could be demonstrated.\*

The above is not to deny that specific pockets of relative deprivation exist. Economic conditions among the American Indians residing within the region are deplorable and should be ameliorated. However, the types of policies advocated and the level of effort expended will vary according to whether one believes the entire region to be underdeveloped or primarily subregions where Indians reside. It also seems likely that traditional development policies will fail when applied to these areas because values and social relations are markedly different.

Because the region is heavily agricultural, a basic economic problem to be addressed might be the stability of, rather than the relative level of, income. As was alluded to in the discussion, fluctuating agricultural prices generate considerable variability in income. The problem, admittedly magnified in the region, is basically national in scope and cannot

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\* The per capita tax burden for the Mountain states is \$1238 compared to the U.S. average of \$1412.

be remedied by regional policies. This last statement assumes that no substantial alteration in the economic base of the region will be forthcoming. What developmental projects that are considered should be evaluated with respect to their impact on the economic stability of the region in order to moderate fluctuations stemming from the agricultural sector.

Another important problem to be addressed is the reliability of income projections that are strongly influenced by a volatile agricultural sector. The projected regional per capita income is between \$4,950 - \$4,980. Projections, especially the OBERS series, are based upon past information which pre-dates the recent high agricultural demand period. If food prices continue to increase, projected per capita incomes will be understated. Admittedly, the Commission did try to adjust its projections to take into account more recent information. Three projections related to alternative energy demand estimations were undertaken. It might be useful to provide similar estimates based upon various assumptions of commodity demand.

The relationship between regional per capita income (as a function of commodity prices) and per capita income in the targeted substate areas requires an examination of the trade linkages between these areas. If the linkages to the

agricultural sector are strong the Commission's goal for sub-regions could be achieved in the face of a continuing strong demand for food.

As far as the strategies that are being proposed to attain the stated goals, a basic problem that is encountered is that no information is provided on either the relationship between the targeted goal and the policy that is proposed or the decision making process that allocated the total investment among the various programs. In so far as the Commission's goals deal primarily with improvements in per capita income the relationship between investments, employment and earnings should be explored further. It is also likely that there is little flexibility in terms of what industries can be induced to locate in the region because of the high transport cost structure.

The avoidance of rural areas by physicians is a problem not confined to the Old West Region. There have been a number of suggestions made to alleviate this situation, none of which, to my knowledge, has been attempted. One proposal calls for the setting up of a loan bank for medical students. In exchange for tuition and living expenses, a medical student promises to work a certain number of years in a particular area. As tuition costs rise, this program might become even more attractive to medical students.

The Commission's proposal concerning environmental regulations appears to be an appropriate sphere of action. Regional coordination would reduce the generation of externalities and improve the efficiency with which resources are used.

In sum, while many of my questions may have been addressed by the Commission, specific answers were not found in this report. The choice of income as the targeted goal, probably the result of a relatively low unemployment rate, deserves further justification in light of the rural nature of the region. Policies designed to raise per capita incomes are not analyzed in terms of their expected impact on goals. Other policies, such as encouraging typically low paying industries like tourism, are perhaps inappropriate. Manpower shortages were not identified and thus manpower training programs are not described in any detail.



OFFICE OF THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

ASSISTANT SECRETARY

AUG 16 1976

Mr. John W. Eden  
Acting Executive Secretary  
Federal Advisory Council on Regional  
Economic Development  
Office of Regional Economic Coordination  
Department of Commerce, Room 2092  
Washington, D.C. 20230

Dear Mr. Eden:

This is in response to your memorandum of May 26, 1976, requesting review and comment on the draft regional economic plan for the Old West Region. I can appreciate the difficulty of the planning process in view of the major uncertainties introduced by the wide range of plausible assumptions about the development of energy-related resources in this region. The draft plan deals with this problem rationally by identifying basic requirements at the lower end of the spectrum and a set of additional requirements related to higher levels of activity.

The major part of the additional requirements, envisioned by the plan to accommodate energy related developments, are community facilities of a long-lived nature requiring large capital outlays. This includes over \$260 million for traditional schools, hospitals, streets and utilities in the energy resource areas.

The purpose of these facilities is to house and serve the labor force, and dependents, that would be brought in for large-scale strip mining. In view of the relatively short ten-year planning horizon and the magnitude of uncertainties involved, I have some misgivings about major investment in facilities of this type. The inherent job-site mobility in massive strip mining essentially precludes permanent family facilities at the immediate job site. The additional sector studies called for in the implementation strategy will certainly help in refining requirements, but I think the basic plan should call for an examination of innovations like long-range commuting, work crew rotation, or mobile communities.

Further studies, based on a mandate to explore innovative arrangements for energy related development, should also address the optimal mix of public and private investment in community facilities. One area considered should be the means of recovering public costs to the extent that they support private capital ventures.

The plan refers to a deficiency of intraregional direct air routes. Additional studies should focus on whether there is a means of providing economically viable service.

The plan considers the adequacy of highway transportation in one dimension, the quantity of roads. Highway-borne public transportation service should be addressed, particularly in the context of access to community support facilities.

It is particularly gratifying that the plan recognizes "quality of life" goals as well as economic development goals. I hope that these comments will be helpful in improving the development plan for the Old West Region.

Sincerely,



Robert Henri Binder  
Assistant Secretary for  
Policy, Plans and International Affairs



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

JUL 28 1976

Mr. John W. Eden  
Federal Advisory Council on  
Regional Economic Development  
United States Department of Commerce  
Washington, D. C. 20230

Dear Mr. Eden:

This is in response to your memorandum of July 9. EPA's comments on the Old West Regional Economic Development Plan are enclosed. Mr. William Burke of our Economic Analysis Division will represent the Agency at the meeting scheduled for August 11.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul A. Brands".

Paul A. Brands

Deputy Assistant Administrator  
for Planning and Evaluation

Enclosure

This plan represents an unusually thorough effort in compiling and analyzing historical data and in developing analytical projections of future economic variables. The basic research undertaken at the national, state, and local levels represents an excellent base for planning and implementation purposes.

The treatment of environmental considerations is especially noteworthy. The data base and the analytical focus in the environmental area provide a more thorough discussion of environmental needs and projections than any of the Regional plans presented to date. It is clearly evident that the planners have given full attention to the important objective of preserving the pristine environment of the Old West Region. The Plan examines a scenario of economic change through 1985 and concludes that "Regional environmental quality is not likely to deteriorate substantially" whatever the level of new economic developments through 1985 (p. 285). There is nothing in the presentation to suggest the contrary; i.e., that the environment is being overlooked in the assessment or that the level of environmental quality would be materially altered by some combination of expected developments or by any reasonable alternative level of growth.

On the broader plane of the concept of the plan generally, a sharper focus perhaps is required on several elements. It is not clear how the budgetary requirements cited are integrated quantitatively into the stated objectives. For example, what would be the effect of realizing only 50 percent of the \$1.04 billion in public funding contemplated (80% of which is to be from Federal sources)? The availability of "required" funding seems to be assumed without question repeatedly, although the funds are recognized as being "above and beyond current expected public expenditures for the Region (p. 311)." The experience of the Upper Great Lakes Regional Commission, which realized only \$42 million of an expected \$382 million in Federal funds in the period 1970-1975, suggests that some further in-depth thinking needs to be undertaken on this important question of funding. A substantial shortfall in the major

funding area certainly will impact on the Plan's overall implementation and will necessitate the addressing of priorities in the various components of the Plan. The credibility of the funding needs for individual components (per table XIII -5, p. 324) also needs to be strengthened to avoid the appearance of simply compiling a shopping list of desired activities. The Upper Great Lakes Commission learned from its experience that "pointing to a solution does not automatically trigger a feasible response."

FEDERAL ENERGY ADMINISTRATION  
WASHINGTON, D.C. 20461

Memorandum

For: John W. Eden  
Acting Executive Secretary  
Federal Advisory Council on  
Regional Economic Development

From: Robert G. Davis  
Acting Director  
Intergovernmental, Regional  
and Special Programs, FEA

Subject: Review of the Regional Development Plan of the  
Old West Regional Commission

Thank you for the opportunity to review the Regional Economic Plan of the Old West Regional Commission. The plan seems to be a thorough study of all elements affecting individuals and the total quality of life in the five state area.

With regard to energy development, the plan presents a good introductory analysis of water, land and community requirements until 1985. This ten year projection will provide an excellent background for necessary energy resource development implementation plans.

It was interesting to note the projections for increase of per capita income in the four sub-state areas where intense energy resource development is anticipated. I would suggest that the Old West Regional Commission also consider developing a model growth management plan for use by communities which are or may be impacted by energy development.

The plan is very informative and will serve as a useful document in FEA activities with the Commission and the five individual states.



U.S. SMALL BUSINESS ADMINISTRATION  
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

JUL 23 1976

Mr. John W. Eden  
Acting Executive Secretary  
Federal Advisory Council on  
Regional Economic Development  
U. S. Department of Commerce  
Room 2092  
Washington, D. C. 20230

Dear Mr. Eden:

We appreciate the opportunity to review and comment on the revised draft of the Old West Regional Commission's Regional Economic Plan.

This report reflects an impressive research effort by the Commission. The Regional Economic Plan, if implemented through 1985, can hardly fail greatly to benefit the five states of the Old West. In view of the magnitude of the report, our comments are mainly limited to issues impacting on small business.

The Proposed Public Investment Assistance Program for Per Capita Income Growth (part of the Regional Policy Plan) does not indicate to what extent projects proposed for the various program areas are to be screened for applicant need. I refer in particular to industrial manufacturing facilities, tourism/recreation facilities, and the business loan program.

For example, the business loan "general program description" states that loan funds are for assistance to viable businesses in their growth efforts and would help existing and new industries finance critical investment and working capital needs. Yet the program apparently makes no distinction between loan applicants who actually need Federal assistance and those able to obtain financing in the capital markets or from banks. The latter group would generally include larger businesses, with established credit ratings, which, with Federal aid, could gain increased advantage over smaller and weaker competitors.

The Per-Capita Income Growth--Investment Assistance section of Table XIII-9 should be tied in with the Capital Requirements section of Table XIII-4 to show how much of each Investment Assistance program area is for Indian Income Growth.



We will be pleased to discuss the Plan with the Old West Regional Commission at the meeting on August 11.

Sincerely,

*Beau Sulix*  
for Daniel T. Kingsley  
Associate Administrator  
for Operations

THE APPALACHIAN REGIONAL COMMISSION

1666 CONNECTICUT AVENUE

WASHINGTON, D.C. 20235

OFFICE OF  
FEDERAL COCHAIRMAN

July 23, 1976

Mr. John W. Eden  
Acting Executive Secretary  
Federal Advisory Council on  
Regional Economic Development  
U. S. Dept. of Commerce  
Washington, D. C. 20230

Dear John:

I am pleased to submit to you our review and comments on the Old West Region's Economic Plan. Mr. Salim Kublawi, who briefed me on the Plan, has done the critique which is enclosed. I look forward to attending the meeting of the Federal Advisory Council on Regional Economic Development on August 11, 1976.

Sincerely,



DONALD W. WHITEHEAD  
Federal Cochairman

Enclosure

THE APPALACHIAN REGIONAL COMMISSION

1666 CONNECTICUT AVENUE

WASHINGTON, D.C. 20235

OFFICE OF  
FEDERAL COCHAIRMAN

July 23, 1976

MEMORANDUM

To: Don Whitehead

From: Salim Kublawi

Subject: Comments on the Old West Region's Economic Plan, 1976

My overall impression of the plan is that it is highly data-oriented. I do recognize the necessity for data to support decisions on economic planning. However, in many chapters of the plan there are scores of tables of detailed data, as well as hundreds of tables in the appendices, with little elaboration on what the data means and how it should be used in planning, coordinating and implementing development programs.

For example, in the chapter on Public Expenditures - Revenue and Regional Facilities, we find very informative tables on local government revenue and expenditures, federal outlays, per capita revenues, etc., for several years; but little analysis concerning state fiscal policies and problems, tax problems and revenue potentials, budgeting constraints, possible new sources of taxation for coal exploration, etc. Within the same chapter the discussion of regional facilities shows little concern for an analysis of the Region's quality of transportation, education, and health care services. The chapter on Housing and Medical Professionals is limited and says little about the Region's needs in housing and medical manpower.

The chapter on Industrial Structure has data on real earnings by industrial sector and nothing else. The chapter on Potentials and Problems appears sketchy and general in its approach, given the abundance of data on the Region's specific characteristics. This chapter ought to be an extensive one summing up all the socio-economic information and distinguishing problems at the state, regional, and where significant, local level.

The last part (Part IV) deals primarily with regional goals and implementation strategy. The goals are well stated, with the exception of goals 5 and 6 which are not adequately documented by a full discussion of perceived problems and needs.

The economic goals call for an annual \$104 million allocation for the Region for ten years to accomplish the plan's established targets. While the figures requested are well substantiated methodologically, perhaps there should have been some options listed with less ambitious targets, especially since the report plainly states that such requested dollars are beyond what is reasonably expected to be appropriated from either the Federal or state treasuries.

The implementation strategy seems incomplete, since it is primarily a listing of dollars needed for specific programs and corresponding to each program is listed the Federal agency that might provide the funds. Also corresponding to the agency is the planned location of the needed facilities. The specification of location could be improved by the identification of specific counties, contrasted with just naming states. There is no statement as to how the strategy will work, how it can be phased over time, who will advocate the plan, who will be most receptive, and what specific institutions will be involved in the implementation process. The role of state and sub-state multi-jurisdictional districts in the development process is unclear, and there is no evidence of Federal-State coordination of programs and policies. Also the plan lacks a functional allocation criteria (allocation among programs) and there is no spatial or locational criteria for investments (allocation of projects by delineated areas or centers of activity).

On the positive side the plan should get high marks on its demographic and economic projections, both in terms of the detail of the analysis, as well as the documentation of the methods and data sources used. It is a good idea to have a summary page of conclusions and recommendations preceding each chapter. The chapter on environmental quality and problems is well done. However, the environmental projections seem to be speculative since their achievement is dependent upon national legislation, compliance with regulations, national economic trends, and other exogenous factors.

While the plan is highly data-oriented, such data, especially those in the appendices, could be of significant value to state and sub-state planning organizations, as well as the private sector in the coal mining, construction, and manufacturing fields.

In conclusion, the plan is certainly the product of diligent and thorough work and embodies a large volume of detailed information. Given these basic ingredients and the plan's overall strength, the task of establishing an implementation strategy in accordance with the states' priorities and federal

goals should become less difficult. The plan does not lack facts, but it could use a chapter that ties in the specific problems and needs of the Region with the available potentials considered within the context. The next step is to identify the participants in the planning and implementation process, i.e., federal agencies, state agencies, sub-state districts, and where feasible, local governments as well as the private sector. Finally, the development path from the present to the targeted year might be phased in terms of projects with the coordinating units identified in each of the stages. In this, the role of the state plans should be emphasized. Project monitoring, planning, and update processes will be identified as a feedback to the plan.

In summary, planning is a process which attempts to alter future events based on present knowledge. The Old West Plan is well documented and has developed excellent economic and demographic projections for the future. The next step is to strengthen the institutional arrangements necessary to implement the plan.



COASTAL PLAINS REGIONAL COMMISSION  
2000 L STREET, N.W.  
WASHINGTON, D.C. 20036

OFFICE OF FEDERAL COCHAIRMAN

July 27, 1976

AREA CODE 202 967-3753

MEMORANDUM

TO: Mr. John W. Eden  
Acting Special Assistant to the Secretary  
for Regional Economic Coordination

FROM: R. Jack Hawke *Jack Hawke*  
Federal Cochairman

SUBJECT: Old West Regional Economic Development  
Plan Review

The general approach taken in the Old West draft plan begins with the development of a series of regional goals along with an estimate of public costs associated with achievement of the goals. The approach recognizes what is identified to be "a change in emphasis" in Regional Commission planning from solely economic development matters to greater concern for relationships between economic, environmental, land use, social, and other conditions.

Appropriately, an analytical framework using a cohort-survival population model, a simple econometric model for population, employment, earnings and personal income projected through 1985, as well as a series of pollutant coefficients and other environmental data were used to link historical data to regional projections.

These projections concentrate on three geographic areas--the Region, each State in the Region, and 18 sub-State areas. The projections involved, by the three areas above: (1) general population characteristics; (2) economic and related characteristics of populations; (3) natural resource base; (4) environmental quality; (5) public expenditures, revenues, and regional facilities; (6) housing and medical professional conditions; (7) industrial structure; and (8) an overview of regional problems and potentials.

The plan identifies the characteristics of the Region in some detail with regard to each of the eight areas above and then suggests opportunities for Commission involvement in these areas during the next ten years. Special treatment in the plan is given to projected community facilities and land and water requirements of energy-related activities.

From the above analysis, the plan proceeds to establish goals and objectives based on the identified economic, social, and environmental needs of the Region. (Special attention is given the economic plight of American Indians, which the plan states constitutes the most serious economic problem in the Region.)

The specific goals are as follows:

- (1) Increase per-capita income in the 18 sub-State areas of the Region to about \$4,800 for non-Indians in 1985. Parity with the national level is not sought.
- (2) Increase per-capita income among American Indian people in the Region by \$350 above the expected 1985 level.
- (3) Prevent serious potential disruptions or dislocations in the regional economy as a result of rapid energy-related developments.
- (4) Achieve environmental quality implied in the Federal and State regulations for air and water pollution and to maintain high quality areas.
- (5) Improve health services, especially in the more rural parts of the Region.
- (6) Provide for increased citizen participation in the governmental decision-making process and to provide a forum for discussing regional issues.

A cost analysis is then presented which shows that to raise non-Indian and Indian annual personal incomes by the amount desired

by 1985 would require an estimated public and private investment of about \$1.8 billion. Implementation to achieve the expressed goals centers around (1) upgrading existing jobs in the Region and achieving higher labor productivity; (2) attracting new or expanding existing industry with relatively high employee productivity rates; and (3) increasing employment opportunities, especially in areas with low employment participation ratios and other areas where employment participation ratios can be raised to even higher levels.

In order to generate the higher incomes, the Commission would focus program involvement in the development of the following kinds of facilities and programs:

1. Agricultural facilities, irrigation, storage, marketing
2. Industrial/manufacturing facilities
3. Tourism/recreation facilities
4. A business support loan program
5. Education facilities
6. Transportation facilities
7. Manpower training programs

Program area descriptions are then provided which show proposed funding levels and activities for 1975-1985 and anticipated locations of projects in general terms.

The selection of the strategy to give special attention to lagging districts seems to be a good idea, as is exploitation of special area characteristics such as energy capabilities. The development of regional information is adequate for the development of regional opportunities and programs to fully utilize those opportunities.

The only areas of concern expressed by the CPRC staff are those related to the high funding levels needed to accomplish the expressed objectives in light of past Title V budget levels, and the absence of information about how to improve the economic difficulties of lagging districts after such pains to identify overall problems in those districts.



**U.S. DEPARTMENT OF COMMERCE**  
**Economic Development Administration**  
ROCKY MOUNTAIN REGIONAL OFFICE  
Suite 505-Title Building  
909 17th St.  
Denver, Colorado 80202

May 19, 1976

Mr. Warren C. Wood  
Federal Cochairman  
Old West Regional Commission  
1730 "K" Street, N.W., Suite 426  
Washington, D.C. 20006

Dear Mr. Wood:

Subject: "Regional Economic Plan" - Old West  
Regional Commission.

We have reviewed both drafts of subject Plan with interest.  
The in-depth analysis indicates a thorough approach with  
input from both State and sub-regions.

The Rocky Mountain Regional Office has many Title V  
relationships, as you know, and we look forward to continued  
coordination as well as supportive project activities.

You are to be congratulated for completing one of your major  
milestones.

Sincerely,

ORIGINAL SIGNED BY  
CRAIG M. SMITH

Craig M. Smith  
Regional Director

CC: Dr. Phillip Brooks



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
REGION VII  
FEDERAL BUILDING  
601 EAST 12TH STREET  
KANSAS CITY, MISSOURI 64106  
August 10, 1976

OFFICE OF  
THE REGIONAL DIRECTOR

Mr. Phillip D. Brooks  
Senior Economist  
Old West Regional Commission  
201 Main Street, Suite D  
Rapid City, South Dakota 57701

Dear Mr. Brooks:

First I must apologize for the lateness of this response. Your revised draft was provided to the Mid Continent Federal Regional Council sometime ago with our individual responses due to you by August 1st. Unfortunately, vacation schedules and some unforeseen crisis prevented my responding to you by that date.

I have reviewed your draft and have had several people in our various HEW components look it over. We have found it to be an exceptional recognition of that which exists in the various States covered by your Commission and specifically in the one State-- Nebraska, that is within the boundaries of Region VII. Attached is a copy of a response I received from our Health Unit. Dr. Jackson's comments are relative to the abridged version. I trust they will be helpful.

Please call upon me for any further assistance I might be able to give you in accomplishing the objectives you have established.

Sincerely,

Howard Rowlands  
Special Assistant to the  
Regional Director for  
Federal Regional Council

# MEMORANDUM

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
OFFICE OF THE SECRETARY  
REGION VII

TO : Mr. Howard Rowlands, Special Assistant  
to the Regional Director for the  
Federal Regional Council

DATE: August 10, 1976

FROM : Deputy Director, Division of Resource  
Development

SUBJECT: Review of document: Regional Economic Plan,  
The Old West Regional Commission, March 1976

As per your request of August 10, 1976, I have reviewed the above document. I have problems reviewing this document, because the Region is different than the HEW Region VII. It includes only one of our states, Nebraska. The other states in the Profile are Montana, North Dakota and Wyoming.

Nebraska is not identified separately in the document so it is impossible to know what is specific to Nebraska. However, I did take a look at the Health Services portion.

In regard to their objectives, their Objective #5 on page 45, this is a rather simplified approach to the problem. They are putting all of their emphasis on improving availability of health care services, specifically increasing the number of physicians. The reality of the situation is that physicians will probably never be recruited in adequate numbers for sparse populations. Alternate approaches will have to be used, such as Nurse Practitioners, Physicians Assistants, and Mobile Clinics. In other words, the concentration must be on increasing the productivity of the primary health providers they have.

The same issue is also raised on page 22. My only comment is that the Medical Care Delivery problem is much more complex than just increasing the number of physicians.

This is not a health document so this could be expected. Their projections in the other areas appear to be sound.

  
Charles L. Jackson, Dr. P.H., M.P.H.



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
REGIONAL OFFICE  
ROOM 300, FEDERAL OFFICE BUILDING, 911 WALNUT STREET  
KANSAS CITY, MISSOURI 64106  
July 26, 1976

REGION VII

IN REPLY REFER TO:

JUL 29 1976

Mr. Phillip D. Brooks  
Senior Economist  
Old West Regional Commission  
201 Main Street, Suite D  
Rapid City, South Dakota 57701

Dear Mr. Brooks:

In reference to your June 23, 1976 letter to Admiral Waesche, I have reviewed the Regional Economic Plan for the Old West Regional Commission.

My only comment is to congratulate both you and your staff for having prepared such a good long-range economic plan to guide the Commission.

Thank you for the opportunity to review the Plan.

Sincerely,

Donald Gebauer  
Regional Economist

AREA OFFICES  
KANSAS CITY, KANSAS • OMAHA, NEBRASKA • ST. LOUIS, MISSOURI  
Insuring Offices  
Des Moines, Iowa • Topeka, Kansas



DEPARTMENT OF TRANSPORTATION  
REGIONAL REPRESENTATIVE OF THE SECRETARY

ROOM 634, FEDERAL BUILDING  
601 EAST 12th STREET  
KANSAS CITY, MISSOURI

AUG 8 2 1976

3 0 2 REC'D

REGION VII

July 30, 1976

Mr. Phillip D. Brooks  
Old West Regional Commission  
201 Main Street  
Suite D  
Rapid City, South Dakota 57701

Dear Mr. Brooks:

I have sent copies of your draft Regional Economic Plan to our modal administrations for their review and comment. The comments that our modal groups submitted are attached.

Best wishes,

Sincerely,

*R. R. Waesche*  
R. R. Waesche, RADM USCG (Ret.)  
Secretarial Representative  
Region VII

Attachments

U. S. DEPARTMENT OF TRANSPORTATION  
FEDERAL HIGHWAY ADMINISTRATION  
REGION SEVEN  
P. O. Box 19715  
Kansas City, Missouri 64141

July 20, 1976

IN REPLY REFER TO:  
07-00-PR

RADM Russell R. Waesche, USCG (Ret.)  
Secretarial Representative, Region VII  
U. S. Department of Transportation  
Room 634, Federal Office Building  
601 East 12th Street  
Kansas City, Missouri 64106

Dear Admiral Waesche:

Our comments on the Old West Regional Commission's "Economic Plan" are as follows:

- 1) The abridged version recognizes that the per capita miles of highway is high in comparison to the nation as a whole. This fact is not stated on page 183-187 of the draft. Neither report mentions that the per capita vehicle ownership is one-third higher than the national average.
- 2) Transportation for rural elderly is not specifically mentioned. Page 62 does, however, list the design of effective transport systems for emergency health care as a desired project. DOT - NHTSA should be listed as a resource agency for this program area.
- 3) FRA's expanded role in state rail planning and economic assistance to railroads is not recognized.

Sincerely yours,

*for RRA Johnson*  
John B. Kemp  
Regional Highway Administrator



DEPARTMENT OF TRANSPORTATION

FEDERAL RAILROAD ADMINISTRATION

WASHINGTON, D.C. 20590

1807 Federal Office Building  
911 Walnut  
Kansas City, Mo. 64106

July 19, 1976

RADM R. R. Waesche, USCG (Ret.)  
Secretarial Representative  
Department of Transportation  
Region VII  
Room 634 - Federal Building  
601 East 12th Street  
Kansas City, Mo. 64106

Dear Admiral Waesche:

Thank you for the March 1976 Old West Regional Commission Economic Plan. This type of study cannot but benefit all parties concerned, to include the FRA's involvement as regards the Four R Act.

With regard to Part 6.3.3 of the study, Rail Transportation, the primary concern appears to be with the main lines of the East-West Railroads having difficulty (at least in the short run) to handle large volumes of transport.

Please allow me to remark that with respect to the routes shown on Figure VI-5 of the study, at least 80% are in a position, now in the short run, and in the foreseeable future, to handle high density traffic.

Exceptions are:

1. C&NW Rapid City West. Rail is of a light weight and maintenance has been deferred for several years. This line, at present, would not handle high density traffic. Currently, the line is not subject to such traffic.
2. CMStP&P Rapid City to Mitchell, S. Dak. Rail is of light weight and will not sustain high density traffic. Present annual gross tonnage is minimal on this line, and an increase is not foreseeable.
3. CRI&P Nebraska Border to Omaha, Neb. Rail is of moderate weight but maintenance has been deferred over a number of years. The line would not sustain high density traffic without considerable upgrading.

RADM R. R. Wuesche, USCG (Ret.)

4. ~~C&NW~~ (not shown) Casper, Wyoming to Chadron, Neb. to Blair, Neb. The carrier proposes this route for unit coal train operation originating within the Wyoming coal fields. The line, at present, will not sustain high axle loadings inherent with unit coal train operations.

Increased freight traffic of the primary mains within the Old West Regional Commission should add to the regional economy without adversely affecting environmental conditions. The possible construction, by the Burlington Northern, of a second main track between Gillette, Wyoming and Lincoln, Nebraska, may cause short term inconvenience within the towns and cities along that route.

Sincerely,

*R E Baker*

For H. R. Bird  
Director of Railroad Safety



## UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION VII  
1735 BALTIMORE  
KANSAS CITY, MISSOURI 64108

July 27, 1976

Mr. Phillip D. Brooks, Senior Economist  
Old West Regional Commission  
201 Main Street, Suite D  
Rapid City, South Dakota 57701

Dear Mr. Brooks:

The draft Regional Economic Plan for the Old West Regional Commission has been furnished this office through the Mid-Continent Federal Regional Council.

We have reviewed the document from the standpoint of our concerns in the State of Nebraska and have no comments to offer. Thank you for providing this opportunity.

Sincerely yours,

  
Ronald R. Ritter  
Congressional & Intergovernmental  
Relations Officer

cc: Dr. Gayle Jackson

FEDERAL ENERGY ADMINISTRATION

REGION VIII

1075 South Yukon

P.O. Box 26247, Belmar Branch

Lakewood, Colorado 80226

SUBJECT: Review of Regional Economic Plan for The Old West  
Regional Commission

DATE: July 31, 1976

FROM: *Dudley E. Faver*  
Dudley E. Faver  
Regional Administrator

TO: Warren E. Wood  
Federal Cochairman  
Old West Regional Commission  
Suite D, 201 Main Street  
Rapid City, South Dakota 57001

ATTN: Dr. Phillip Brooks

Major regional activities will be assisted markedly by your comprehensive regional economic plan. The plan offers a fine opportunity for government, industry, and the lay public to address more rational resource development with minimum adverse impacts. Most of the data included in the report we have accessed in our several divisions in this office, but as of this date it has represented a fragmented approach even though it has been useful to us in our regional activities. We do appreciate your efforts to provide a comprehensive and coordinated regional assessment.

Enclosed are some selected comments from the staff regarding the plan. Thank you very much for sharing it with us.

Enclosure



*Save Energy and You Serve America!*

SELECTED COMMENTS - REGIONAL ECONOMIC PLAN  
THE OLD WEST REGIONAL COMMISSION

1. The plan appears to be well researched. Although the region described has been strongly oriented toward an agrarian economy, the plan does indicate potential economic benefits from expanding industrial development.
2. Some indication of efforts to continue to monitor and regularly update data gathered for the plan should be clarified within support documents or appendices to the plan.
3. It is not clear how, if at all, the Commission's activity will interface with individual state activity relative to economic planning, i.e. the North Dakota - REAP monitoring program.
4. Analysis of data dealing with synthetic fuels and solar power generation could enhance the well developed coal mining projections.
5. Manpower demand is difficult to project. It is constantly changing. Therefore, there may need to be some mechanism for verification (cross checking) of data provided by Bureau of Census, Department of Labor, Department of Agriculture, and Bureau of Mines.
6. Some attention might be given to the economic effects and impacts of changing energy policies and programs in Canada impacting the states of Montana, Wyoming, and North Dakota in particular. (Northern Tier Studies)
7. Analysis of economic effects of alternative industry energy conservation plans would be useful relating to the overall regional economic plan.
8. Effective planning by the Commission is further supported through the major initiatives identified in the multi-year action plan. Such a long-term approach to planning and budgeting is commendable.
9. There may also be a need to identify tax revenues associated with basic economic activities other than coal development.
10. A discussion of changes in trade areas and hierarchy of trade centers would be useful, as well as some additional basic data relative to inter-industry relationships (competition and demand for land, water, labor, capital).

11. Use of the states' agricultural Economic Statistical Series and the U.S. Department of Agricultural Economic Research Service would strengthen the analysis in Chapter III.
12. Emphasis in the proposed Investment Assistance Program might also include:
  - a. Studies/Workshops in land planning; implementation, including transfer of development rights.
  - b. Interdisciplinary/interagency project(s) to assess physical, socioeconomic impacts of land conversion (agricultural to commercial development).
  - c. Inter-Commission Workshops with Four Corners Commission and others as appropriate on such topics and issues as:
    - 1) Nuclear energy and public welfare.
    - 2) Monitoring and developing Rocky Mountain regional energy initiatives and financing options.
    - 3) Allocation formulas of Federal granting agencies assessed as relevant to impacted communities and their financial needs.
    - 4) Promulgation of new and changing government regulations and impacts associated with economic development (land use, energy development, transportation).
    - 5) Energy facility siting and associated impacts.
    - 6) Follow-up (with FEA) of Western Governors' Regional Energy Policy Office activity in energy related (boombtown) projects impacting community planning and development and the regional economy.
    - 7) Public education programs; institutional and non-institutional in energy education and environmental education.
    - 8) Regional "Modeling Approaches to Economic Projections and Associated Variables".
    - 9) Social indices and quality of life studies.
13. The FEA unit, Region VIII, working with Socioeconomic Program(s) and Data Collection has recently completed two reports. Copies of those are enclosed. We would like to suggest co-sponsorship of a series of institutes which relate to energy development and environmental activities and rural economic development issues.

14. Enclosed are copies of economic and socioeconomic "modeling" activity in North Dakota. We would like to encourage the Commission to give the North Dakota team such financial support that they could test the approach in other states (securing Four Corners Commission support for tests in their states).

**APPENDIX B**

**WRITTEN STATEMENTS**

**OF**

**DEPARTMENT OF COMMERCE UNITS**

August 11, 1976

TO: Dr. Robert M. Rauner, Office of the Special Assistant  
to the Secretary for Regional Economic Coordination

FROM: Dr. William J. Nagle, President, Community Resources, Inc.

SUBJECT: Review of the Regional Economic Plan of the Old West Regional  
Commission, March, 1976

General Review

The largest section of this massive work (337 pages of basic text and an additional 420 pages in supporting appendices) is Part II, which in eight chapters and 253 pages under a general heading of "Regional Conditions, Resources and Structures," covers population characteristics, the economy, natural resources, environmental quality, public expenditures, housing, medical care, and the industrial structure.

It is convincingly thorough. With its supporting appendices, Part II of the Old West Regional Commission "Regional Economic Plan" will stand as an impressive compilation of data that will be valuable to any planner or researcher involved with any part of the region. It appears to give as complete a profile of the region as available data will permit.

If the massive amount of data introduced was misused or misapplied, it was not obvious to this reviewer. For the most part the data came from standard sources and were displayed and manipulated using standard techniques. Regarding interpretation of the data--always a more subjective matter than its accumulation, manipulation and display--this reviewer found that the authors drew from the data no outrageous interpretations. No fatal errors would seem to exist in either the data or its use.

Part II ends with a particularly intriguing chapter titled "Potentials and Problems." The chapter draws in part on the results of a survey made of employers and State officials in the region. Discussing both potentials and problems of the region, the authors make an interesting distinction between problems "which are not controllable over the next ten years," and problems "which are somewhat controllable over the next ten years." Examples of the former are population distribution and size, distance from markets and costs of fuel and fertilizer ("the policies regarding petroleum are not substantially controllable by any activities within the Region despite the relatively high cost impacts on both travel and agriculture within the Region.") Examples of the "somewhat controllable" problems are water supplies, labor skills and locations, public investment and environmental impacts.

The inclusion of such a chapter at the end of a section that so comprehensively details the economic profile of a Region lends a refreshing note of reality. Lynn Muchmore's sober warning to State-level economic planners that State tools for economic influence are relatively weak applies to some degree also to clusters of States called Regions. And Regions, like States, must, in Muchmore's words, "be able to collect those tools under a more cohesive and firmly enforced policy direction in order to achieve the critical mass required to exert any influence at all." And for regional planners one of the essential first reality therapies to apply is to distinguish between the problems that can be addressed--or as the authors of the Old West Plan put it--between the somewhat controllable and the uncontrollable problems.

The chapter is remarkable in another way. Drawing in part as it does on a survey (detailed in Appendix E) in the Region of 756 employers (with a 33.7% response) and of 98 State-level officials with a 62.2% response), it is one explicit example of some degree of citizen participation in the preparation of the Plan. More on that subject later.

Part III encompasses three chapters and 41 pages that make up projections to 1985 of major economic, social and environmental conditions. And like the preceding chapters in part II, it reflects solid scholarship. The Plan authors were faced with a serious problem in making projections. A projection made using OBERS data obtained from the Bureau of Economic Analysis, U.S. Department of Commerce, was published in 1972, using 1970 and 1971 data. Therefore, as the Plan notes, the projection excludes potential energy and other major developments which appear likely to occur in the 1975-1985 period. The marked increase in the value of coal has proved more important to the Region's economy than the increased production outputs. As the Plan puts it: "In the last few years the value of coal outputs have risen over 280 percent. Given the high national priority to develop reliable energy supplies, the high prices of alternative energy sources, and the availability of relatively abundant low sulphur content coal supplies in the Old West Region, the direction and level of economic change in the Old West Region will to a significant degree be determined by policies adopted and developments occurring in relation to these existing coal supplies." (p. 119, emphasis added.)

In Appendix G, "Projections of Energy and other Major Developments," the authors made a convincing case for their energy related projections. They present the results of interviews with public officials and private citizens and a review of the literature concerning potential investment projects which could be developed in the region by 1985 and which "were not taken into account by either the OBERS or 'adjusted' OBERS projections.

A final chapter of Part III projects the requirements for community facilities, land and water "to satisfy the additional energy-related developments expected to occur between 1975 and 1985." In what must be regarded within the Region as the most significant and far-reaching projection in the document, the authors state:

Due largely to new energy-related developments, four sub-state areas the Region (Southwest Montana, Southwest North Dakota,

and East and Southwest Wyoming) will need to absorb an estimated additional 106 thousand persons between 1975 and 1985 beyond what could be expected without these developments....The public capital cost to provide needed community facilities for these persons is estimated at \$245 million (in 1973 dollars). This assumes the development of new or expanded communities. If unplanned sprawl is allowed to occur these public costs could reach \$360 million (in 1973 dollars). Private investment costs, in either case, are estimated to be over 1.3 billion (in 1973 dollars) to accommodate these additional persons. This includes the costs of housing and assumes all housing is privately financed. (P. 299)

The authors note that land and water resources needed to meet the expected energy requirements between 1975 and 1985 are significant but are not extremely high in comparison with their total availability. But then they add what may be an ominous warning: "It should be underscored that the period under review is only 10 years. Once committed to a growth path the long term (to the year 2000 and after) resource requirements may be enormous. Consequently, continuous review and analysis of resources and other requirements and actions associated with all regional developments are essential."

#### Goals and Processes

In the final Part IV is presented the proposed regional policy plan with its list of goals and objectives and implementation strategy. Given the solid work that has preceded it, the chapter is disappointingly weak. There is nothing wrong with the goals. The data and projections previously presented lay a quite adequate framework for what appear as reasonable goals. What is most clearly lacking is the outline of a process that would show how the Commission is to proceed from these broad goals to objectives to targets of opportunity and actual projects to accomplish the goals.

The strongest negative impression I have of a document that in so many ways reflects solid research and analysis is that it did not emerge out of any discernable process and that it does not suggest or introduce a process through which and by which the Commission can reasonably turn goals into achievable objectives and projects.

The reviewer would be hard put to distinguish how this document of the Old West Regional Commission would have been any different had the U.S. Department of Commerce or any other federal agency contracted to have a plan written for an arbitrary region encompassing Montana, Wyoming, Nebraska and North and South Dakota. With the possible exception of the questionnaire sent to 98 State employees (and which presumably got a better response from Old West than it might have from a Washington consulting firm working directly for a federal agency), there is little indication in the document itself that it was done under the auspices of an already existent regional commission headed by a Federal Co-Chairman and five Governors.

For lack of a suggested process to show how the Commission is to proceed from point 'A', a general goal, to point 'D' an actual project to be funded by some public agency to achieve that goal, the dollar figures attached to the goals appear almost startling. The projects (not clearly defined) which could absorb these funds in pursuit of the goals and objectives were so broadly stated as to be somewhat ephemeral. So it is difficult to see how the expenditures of more than a billion dollars on loosely stated projects would lead toward realization of the goals.

If there is any stated goal that lends itself to truly regional action and implementation, it is this: "To prevent serious potential dislocations or disruptions from occurring in the regional economy as a result of rapid energy-related developments." Three of the five States in the region are already feeling the impact of the energy-related developments, particularly those revolving around the production of coal. On this issue alone, the Old West Regional Commission can well justify its existence if it can effectively play the convener, catalyst role that no single state of the three can play. It is a subject on which there is no unanimity even among State officials of the three states. The strip mining aspect of the development is already causing national as well as regional and local controversy. The role of the Commission in this highly significant case of conflict resolution will be as challenging as it is significant.

Of the six stated goals, the one quoted above is the only one that would seem to have the potential of a project "at the proper scale befitting the regional economy and its needs." Four of the others, (increasing) per capita personal incomes in the sub-state areas and on Indian reservations, the maintenance of high environmental quality, and the improvement of health services to rural areas appear as quite valid goals for each of the five States in the region--indeed for each of the 18 sub-state areas identified in the Plan.

There are four related subjects that deserve particular mention in this review of the Old West Regional Economic Plan--not so much for their treatment in the Plan as for their non-treatment. They are citizen participation, present State economic planning efforts, the present sub-state districts, and the Indians.

#### Citizen Participation

There is some irony in the fact that the sixth specific goal outlined for the Commission is "to provide for increased citizen participation in the governmental decision-making process and to provide a forum for discussing regional issues." The preparation of the Plan itself does not appear to reflect that commitment. Other than the questionnaire sent to employers and State officials, apparently no other attempt was made to involve "citizens" in the preparation of the Plan or the establishment of goals. The introductory chapter to the plan (page 7) asserts that the Old West Regional Commission views the planning process as a "living" or "continuing process." It says each level of planning (the overall regional level, the sector level and the micro-economic or project level) is inter-related with the other, and "both 'top-down' and 'bottom-up' planning activities merge in producing the regional plan." The writers do go on in the same paragraph to imply that the "present plan" concentrates most heavily on providing the overall regional framework and that "later, investigations and other activities at the local level will provide more definitive recommendations on specific project investment requirements..." The fact is, however, that "this plan" does not reflect "top-down" and "bottom-up" planning activities. There is nothing surprising in this. Few planning

ventures at State levels or at sub-state, county or municipal levels can be said to have been fully successful in obtaining the desired degree of citizen participation. But in this instance, there appears to have been little attempt to get it. In fact, in making it a future goal for the Commission rather than an operating principle, the implication is that it can be done by the Commission only with the infusion of new monies. Part of a proposed \$110 million (see page 329) would be used "to provide for increased citizen participation in the regional planning process..."

It leaves for this reviewer the obvious question: given the present mission of this Title V commission to be the catalyst, convener, coordinator, consensus builder, why can it not use some of its present funds to obtain a higher degree of citizen participation than it apparently has done? This reviewer has no knowledge that it does not in fact now do that, only that the present Plan itself does not reflect it.

#### Present State-Level Planning Programs

For lack of any section in the Plan on a suggested "process" for the Commission to follow, there is no mention of how the Commission, in pursuit of its goals, is to draw upon, cooperate with and coordinate with the economic planning of the States that make up the region. The Economic Development Administration's 302 State economic planning program is new. However, two of the States in the Old West Region have had planning grants under it since June, 1975. Two others received grants in June, 1976 and an application from the fifth (Nebraska) is now pending. Each of the applications for such funds were presumably cleared with the Old West Regional Commission. It is unlikely that any of the States in the Region have yet produced plans or even processes that would have been useful to the authors of the Plan under discussion. But the linkages in terms of the Commission's processes should have been mentioned. The following comments on State 302 programs in the Region might prove helpful:

Montana: EDA gave Montana a \$120,000 grant in June, 1975. The state's approach has been to emphasize the development of planning

expertise in the Office of the Governor. The chief functions of a newly established Office of the Economic Advisor to the Governor (to be called Office of Commerce and Trade) will be to advise the Governor on economic matters, including the likely impact of existing and proposed State policies to encourage economic development within the State, and to coordinate State agencies involved with development issues. A newly named Department of Community Affairs is providing back-up data and analyses for the use of the Governor's Economic Advisor. The Department, formerly named Department of Intergovernmental Relations, is also carrying out a cooperative planning effort with the State's Economic Development Districts and other sub-state planning and development agencies. Scope of work for the first year of the 302 program encompassed the following: (1) establishment of the Office of Economic Advisor to the Governor (to be called the Office of Commerce and Trade); (2) design and implementation of a planning process which integrates local planning with State planning; (3) initiation of a program of economic studies and analyses relevant to the assessment and formulation of State policies regarding development; (4) completion of the Regional Evaluation Model, a policy relevant econometric model of the State's economy; and (5) the provision of assistance to the State's localities in formulating goals and strategies and in organizing multi-jurisdictional planning agencies, including Economic Development Districts.

North Dakota: Just received a \$60,000 grant in June, 1976 "to establish an economic development planning capability within the framework of a comprehensive planning process." North Dakota's approach emphasizes development of State plans and policies which incorporate the concerns and priorities of the State's multi-county Regional Planning Councils. An Advisory Council on Local Affairs will include representation from cities, counties and Indian tribes as well as from sub-state Regional Planning Councils. By executive order of the Governor an Economic Development Council will be created. The interdepartmental planning and coordinating group will be composed of those agencies whose activities have particular significance for the State economy. The Old West Regional Commission and the Department

of Housing and Urban Development are expected to fund other aspects of the State's comprehensive planning program not funded under EDA 302 monies. The proposed scope of work for the current period includes: (1) establishment of the State Advisory Council on Local Affairs and the Economic Development Council; (2) formulation of the North Dakota 100 Program; (3) presentation of the program to the Governor and the State Legislature and enactment of legislative recommendations; and (4) evaluation of the "North Dakota 100" approach.

South Dakota: The State received \$60,000 in EDA 302 funds last year and in July, 1976 received another \$100,000 for a 15-month period. South Dakota's approach encompasses both long-range and short-range planning features. Long-range considerations are being dealt with through a process of analyzing possible alternative futures for the State and the preparation of a Comprehensive State Plan based on this analysis. Short-range considerations are handled by a newly established Annual Policy Development and Review process. South Dakota places strong emphasis on citizen input at the local and regional levels. Scope of work for the second year program includes: (1) analysis of seven possible alternative futures for the State; (2) formulation of the State Comprehensive Plan; (3) development of a mechanism for insuring input into State planning of concerns and priorities identified in local and regional plans; and (4) miscellaneous planning activities including development of the comprehensive data system.

Wyoming: In June of 1975, Wyoming received a grant of \$50,000 from EDA; the planning project was to be undertaken by the Department of Economic Planning and Development (DEPAD). An annual report submitted in May, 1976, indicated that recruitment problems resulted in a slow start-up of the program. The original scope of work was divided into four elements: (1) formulation of strategies for the delineation and implementation of the economic development plan for the state, to be prepared in cooperation with local governments and private groups; (2) identification of opportunities for "growth pole" industry development in the State; (3) establishment of an

improved capability within state government to assess and quantify social and public benefits and costs associated with different kinds of development; (4) development of improved community information including also development of an automated information retrieval system. The State Planning Coordinator's Office has taken the responsibility for the first, the formulation of strategies, and the second, the development of a growth pole model that will be used to predict the effects of different growth alternatives associated with mineral extraction. The annual report indicates that part of this project (the development of an econometric model is being carried out by the Economic Research Unit under funds from the Old West Regional Commission.

Nebraska has not yet received a 302 planning grant from EDA.

This reviewer has gone into some detail on the 302 programs of the other four states of the Region because such descriptions of work programs make very obvious the relevance of these efforts to Old West's Plan and especially to a process that must evolve if the goals are to be realized. Without a process that recognizes and involves the States and the many new local advisory groups and Development Councils that have become new institutions in the States under the impetus of the 302 programs, Old West's Plan runs the risk of being placed on shelves and forgotten. The likelihood is that Old West is funding a variety of State-level research projects. The point--perhaps overlabored--is that the authors of the Plan appeared to be unaware of most of the activity, perhaps including that funded by Old West.

#### Sub-State Districts

The authors of the Plan wrote that they had delineated 18 sub-State areas among the five States of the Region "in order to begin assessing the particular needs, problems, potentials and resource requirements at the sub-State level." (p. 8) Such a breakdown seems quite sensible for purposes of data presentation. But having done this the authors seemed to have ignored the existence of a number of

sub-State economic development districts and other entities, some of whom have been engaged for years in assessing their districts' "needs, problems, potentials and resource requirements." Appendix 'A' to this review lists all the EDA designated, funded and authorized districts within the Old West Region. If the authors examined the Overall Economic Development Plans written for the designated districts, they do not appear in the bibliography. The Executive Directors and planners from districts might have proved valuable sources of information for the authors of the Old West Plan.

There would be few if any counties in the Old West Region that would have full-time economic planners. Economic planning that has been done at the sub-State level would most likely have been carried out by the Economic Development Districts. In the "top-down" "bottom-up" process to which the Commission aspires, it is the districts with staffs and an on-going process of economic planning involving a wide-range of citizens that are likely to prove of greatest value to the Commission. Unless the 18 sub-State areas delineated for the purposes of the Plan authors have similar institutions, their value for planning purposes is not likely to go beyond the statistical.

#### The Indians

Nowhere is the lack of citizen participation in the development of the Plan, the lack of a process or even a recommended process, and the lack of specificity on projects more glaringly obvious than in the Plan's treatment of Indians. The statistical picture of the plight of the Indians within the Region offered by the authors is clear and compelling:

"Among those people living in the Region, American Indians reflect some of the very greatest economic problems:

--Employment participation ratios were 40 percent lower than the nation and 45 percent lower than Region in 1970.

--The unemployment rate was a very conservatively estimated 19 percent in 1970, or 5 times the regional rate.

--The mean family income of \$5,600 in 1969 was about one-half the national average.

--Per capita income in 1969 was estimated at \$1,000, or only about 25 percent of the national average.

--Over 46 percent were classified in the poverty group in 1969.

--The largest proportion of those employed were in low-paying laborer and service jobs in 1970." (pp. 54-55)

Elsewhere (p.64) the authors note that while the Indians represent only about 2 percent of the Region's population they account for almost 17 percent of the Region's income deficit.

The second goal listed is to increase per capita income among American Indian peoples in the Region by about \$350 (in 1967 dollars) above the expected 1985 level. The authors go on to say that a direct approach is required to solve the severe economic problems of the Indians and at the same time to strengthen the economic self-sufficiency of tribal groups. But in the implementation strategy, including the proposed public investment assistance program for Per Capita Income Growth, diagrammed in Table XI-5, beginning on page 324, it is difficult to extract programs or projects for Indians with any specificity. One is hard put to discern even rough proportions of dollars that the Commission might recommend be allocated to solving the very severe economic problems of the Indians.

Given the plight of the 86,000 Indians in the Region, it might have been assumed that the authors of the Plan might have elicited some sense of need and priority from the various tribal councils in the Region. EDA for some years has been funding professional economic planners for most of the reservations in the Old West Region. A number of Overall Economic Development Plans (OEDP's) have been produced. Again, if the authors saw them, they do not appear in the bibliography. The views of those planners might have proved at least as helpful as the views of the employers and State officials that were surveyed.

From 1967 until early 1976, the Indian reservations in the Old west Region received from EDA a total of \$4,169,224 in planning grants. Some of those planning efforts must be of potential help to the Old West Region as it goes about its planning process. The breakdown of those economic planning assistance grants by State and Reservation may be of interest:

Montana

Blackfeet	3337,285
Flathead	266,108
Fort Peck	271,580
Bear Paw Econ. Dev. District (to provide professional planning assistance to Fort Belknap and Rocky Boys Reservations)	314,587
Big Horn Econ. Dev. District (planning assistance to Crow and Northern Cheyenne)	392,142

Nebraska

Nebraska Indian Inter-Tribal Corp. (for planning assistance to Omaha, Santee and Winnebago)	251,200
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North Dakota

Fort Berthold	79,500
Fort Totten	73,980
Standing Rock	99,090
Turtle Mountain	134,500
United Tribes of No. Dak.	554,053

South Dakota

Cheyenne River	297,490
Crow Creek	104,500
Lower Brule	80,075
Crow Creek and Lower Brule (joint)	48,730
Pine Ridge	346,510
Rosebud	286,516
Sisseton	166,680

Wyoming

Wind River

\$62,500

The level of funding for economic planning assistance to the Indian Reservations within the Old West Region should indicate that there are both planners and planning documents which should be consulted in any future planning efforts by the Commission.

---

The "Regional Economic Plan" stands as a good solid piece of research and analysis. I recommend that it be accepted and approved by the Secretary of Commerce. My chief misgivings about it, as detailed above, are what it lacks. But the Commission is relatively new. It can, in the months ahead, develop the needed processes and take steps to insure a greater degree of citizen participation and the effective involvement and participation by the States and especially by their economic planners, by Economic Development Districts and other sub-state planning agencies, and very importantly by the Indians as they and the others join with the Commission in planning for the economic destiny of all the people of the Region. The material in the Plan and the competent and professional work that it reflects will form a valuable base on which the Commission can proceed.

AUTHORIZED DISTRICTS WITHIN  
OLD WEST REGIONAL COMMISSION

NORTH DAKOTA

Region III (North Central R C & D 'Area)

Benson	Ramsey
Cavalier	Rolette
Eddy	Towner

Souris Basin Region (Region II) - Designated 6/24/76

Bottineau	Mounttrail
Burke	Pierce
McHenry	Renville
	Ward

Region VI (South Central R C & D Area)

Barnes	La Moure
Dickey	Logan
Foster	McIntosh
Griggs	Stutsman
	Wells

SOUTH DAKOTA

Planning and Development District III

Aurora	Gregory
Bon Homme	Hanson
Brule	Hutchinson
Charles Mix	Jerauld
Davison	Sanborn
Douglas	Yankton

DESIGNATED AND FUNDED DISTRICTS  
WITHIN OLD WEST REGIONAL COMMISSION

MONTANA

Bear Paw Econ. Dev. District  
Fort Belknap Res.  
Rocky Boys Res.  
Blaine  
Hill  
Liberty  
Harve Dev. Ctr.

Designated: March 22, 1969  
Funded: June 22, 1968

Big Horn Econ. Dev. District  
Northern Cheyenne Res.  
Big Horn  
Hardin Dev. Ctr.

Designated: Sept. 6, 1969  
Funded: April 25, 1968

Golden Triangle Econ. Dev. District  
Cascade  
Pondera  
Teton  
Toole

Funded: June 28, 1974  
(not yet designated)

NORTH DAKOTA

Lewis and Clark Econ. Dev. District  
Fort Berthold Res.  
Standing Rock Res.  
Bismarck Indian Land  
Burleigh  
Emmons  
Grant  
Kidder  
McLean  
Mercer  
Morton  
Oliver  
Sheridan  
Sioux

NORTH DAKOTA (Con't)

Bismarck-Mandan Dev. Ctr.

Designated: Jan. 14, 1975  
Funded: June 26, 1974

Lake Agassiz  
Sisseton Res. (S.D.)  
Cass  
Ransom  
Richland  
Sargent  
Steele  
Traill  
Wahpeton Dev. Ctr.  
Fargo-West Fargo ED Center  
Ransom-Sargent Corridor ED Center

Designated: May 29, 1975  
Funded: June 26, 1974

Souris Basin Region (Region II)  
Bottineau  
Burke  
McHenry  
Mountrail  
Pierce  
Renville  
Ward  
Minot Econ. Dev. Ctr.

Designated: June 24, 1976  
(not funded by EDA)

SOUTH DAKOTA

First Plng. & Dev. District  
Flandreau Reservation  
Brookings  
Clark  
Codington  
Deuel  
Grant  
Hamlin  
Kingsbury  
Lake  
Miner  
Moody  
Brookings Dev. Ctr.

SOUTH DAKOTA (Con't)

Watertown Dev. Ctr.

Designated: May 8, 1973  
Funded: June 30, 1972

6th Plng. & Dev. District  
Pine Ridge Res.  
Bennett  
Butte  
Custer  
Fall River  
Harding  
Jackson  
Lawrence  
Meade  
Pennington  
Shannon  
Washabaugh  
Rapid City RD Center (Pennington)

Designated: June 29, 1973  
Funded: June 26, 1974

Fourth Plng. & Dev. District  
Sisseton Res.  
Beadle  
Brown  
Day  
Edmunds  
Faulk  
Hand  
McPherson  
Marshall  
Roberts  
Spink  
City of Aberdeen ED Center  
City of Huron ED Center

Designated: April 7, 1975  
(not funded by EDA)

M E M O R A N D U M

TO: Dr. Robert M. Rauner, Economist  
Office of Regional Economic Coordination

FROM: Dr. James A. Chalmers *Chalmers*  
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RE: Review of Regional Economic Plan, prepared by The Old West Regional Commission, March, 1976.

I. INTRODUCTION

The purpose of the Regional Economic Plan is succinctly stated by the Old West Regional Commission at the beginning of the executive summary:

This document represents the Old West Regional Commission's long-range economic plan. The document is intended to meet the legislative requirement of having an economic plan approved by the Secretary of Commerce and to provide a framework for allocating Commission resources and for positively influencing public spending generally in the Region.

The legislative requirement is spelled out in the rules and regulations governing a commission's activities, Part 530--Review of Commission Plans, paragraph 530.2--Comprehensive Planning. It is suggested that the Plan will ordinarily include:

- review of prior studies
- framework for analysis
- review of the regional economy
- review of conditions inhibiting growth
- review of major plans and impending decisions
- establishment of regional goals
- determination of a development strategy
- review of existing program adequacy
- criteria for project identification
- consideration of other planning in the region

The requirements are both comprehensive and clearly expressed, and they are the basis for this review. No formal attempt is made, however, to assess the extent of statutory compliance; rather, initial comments are made that deal with the logical interrelationships that must exist among the components of a plan if it is to serve its ultimate goal of providing guidelines for cost-effective improvement in the welfare of the residents of the Old West Region. The overall approach of the Regional Economic Plan is then analyzed followed by an evaluation of the way in which the approach was executed. The review ends by trying to gain some perspective on the observed shortcomings of the Plan.

## II. REQUIREMENTS FOR A REGIONAL PLAN

Generalizations about planning objectives and requirements that are obvious and that would not generate any disagreement seem as if they might be an unnecessary part of this review. The Old West Plan, however, is difficult to evaluate because it is very successful in some areas and a failure in others. Lest this sound too negative, it must be kept in mind that, in light of present knowledge, there is little that can be done in the case of many of its failures except to be more candid in recognizing them and to make a firm commitment to resolving them. In light of these problems, brief consideration is given to overall planning objectives and to the functional interrelationship among a plan's component parts.

### A. Goals

A plan must be clearly oriented toward a general purpose. The federal regulations emphasize that the Plan should establish goals for the Region. There could be no disagreement with the stated overall goal of the Old West Regional Commission ". . . to improve the general quality of human existence in the Region," but this has no meaning until placed in the specific context of the values of the residents of the Region. It has to be recognized, therefore, that it is not the Commission's responsibility or prerogative to establish goals for the Region; rather, it must devise ways to discover the values and aspirations of the persons it represents. This is critical because the legitimacy of the entire planning effort depends on it. It is not an insignificant problem because it requires a level of local participation and involvement in the development of the Plan that is difficult to achieve.

### B. Objectives

The terms "goals" and "objectives" seem to be used interchangeably by the Old West Commission, but in this review the term "objectives" is used to mean a specifically stated set of targets,

the attainment of which can be empirically determined. Appropriately defined objectives will have several characteristics. First, they must have a clear relationship to the goals and general purposes they are intended to serve. Second, the notions of feasibility and efficacy have to be considered since it makes no sense to set objectives which are either unattainable or which are particularly inefficient in raising the Region's welfare. Finally, in addition to the role objectives play in moving from the generality of goals to the specificity necessary to design programs, they play a critical role in the process of plan evaluation. In this context it is not only necessary that it be possible to empirically verify the extent to which they have been achieved, but it is also necessary that the causal relationships between the policy instrument and the objective can be demonstrated. For example, even though an air quality objective has been achieved, little is accomplished for purposes of plan evaluation if it cannot be determined whether it was due to public investment in pollution control equipment or a change in the weather.

#### C. Strategy

Strategy development moves even closer to the specificity required for program definition and project identification. It requires explicit consideration of the efficiency of different means of achieving the stated objectives. As such, it is a highly analytical process which requires that hypotheses be developed that define the causal relationships between the exogenous policy instrument (the programs of the Commission, among others) and the objectives they hope to achieve. Not only must the forces determining economic behavior be specified, but the institutional and political relationships in the Region must be understood. Additionally, it has become increasingly obvious that more must be known about the cause and effect relationships determining change in the natural environment. The burden is a double one. It must be plausible that the strategy will work, and there must be evidence that it will achieve the stated objectives of the Plan better than any other method would. The final requirement is that the strategy be explicit about selection criteria for projects and programs.

#### D. Programs and Projects

Once a strategy has been determined, it has to be given explicit content in terms of programs and projects before it can be implemented. These must be identified in light of the selection criteria associated with the overall strategy. The programs and projects identified in this manner will have to meet the requirement that, given the expressed values of the residents of the Region, they will do more to increase regional welfare per dollar spent than any other set of programs or projects.

The plan components as identified above are necessarily something of an abstraction. Realistically, it must first be recognized that there are less clear-cut boundaries between the components than implied. The process of developing an effective plan requires constant movement from considerations of the implications and characteristics of particular projects in particular locations to wrestling with general, and perhaps largely philosophical, questions concerning the overall goals of the Plan. Second, the articulation of goals, definition of objectives, and development of strategies must be allowed and encouraged to constantly change in response to forces acting upon the Region. Hence, the importance of the plan document must not be overemphasized since the essential characteristic of the Plan is the process, not the result of the process at a particular point in time.

Finally, two considerations will ultimately determine whether the effort was worth undertaking. First, the Plan must be seen by the residents of the Region as a legitimate expression of their interest. They are the ones who will be affected by the Plan, and they are the ones who will implement it. It will not be implemented unless they have participated in its preparation and are able to see it as a reasonable approach to deal with some of the problems they face. Second, it must be seen by Congress as legitimately falling within the purview of the Regional Commission. This means that there must be some characteristics of the problem (i.e., the goals and objectives) or of the solution (the strategies and programs to implement them) that imply that there are advantages to a regional response relative to working through federal agencies or working directly with state and local governments.

### III. THE OLD WEST REGIONAL ECONOMIC PLAN

#### A. Study Approach

Quoting again from the executive summary, the overall approach of the study is stated as follows:

A historical review was performed of economic, social, and environmental conditions in the Region. Many of these characteristics were projected to 1985. In addition, a separate analysis was made of specific regional socio-economic potentials and problems. From this, a series of regional goals were formulated along with an estimate of public costs and a strategy for goal achievement.

Thus, the first eight chapters of the plan document are descriptive of the Region and provide the indispensable background necessary to understand why conditions in the Region are as they

are. It is expected that Chapter IX--"Potentials and Problems"-- would provide this integrative role by pulling together the important implications of the great quantity of descriptive material preceding it, but it does not. As indicated in the quotation above, it is very much "separate" and simply consists of a few pages of casual observations about problems facing the Region. This is followed by three chapters of regional projections that have much in common with the first eight chapters. They do an effective job of establishing order of magnitude estimates of economic, demographic, and environmental characteristics likely to exist in the future. It is important to note, however, that these chapters are essentially extrapolative; this is appropriate since their objective was to provide an idea of the general levels of activity in the Region in the future. They are not, however, analytical because they do not deal with the behavioral relationships determining the competitive position of the Region's resources. For example, a key element of the Plan concerns ways of increasing productivity. Yet the projection model makes no pretense of analyzing the historical determinants of productivity nor of projecting what may cause it to change in the future. Instead, the assumption is simply made that the rate of change observed over the recent past will characterize the future. Even though this may be a perfectly reasonable procedure for making projections, it does not negate the fact that in order to construct a development strategy, productivity change must be analyzed and its determinants understood.

Thus, with the exception of Chapter IX, the first twelve chapters are all preliminary to developing the four essential components of a plan identified in the previous section of this review. Chapter XIII--"Regional Goals and Implementation Strategy"-- carries the entire burden of defining the goals and objectives of the Region as well as the way in which they can be most effectively achieved. The success of the chapter will be addressed after the first twelve chapters have been reviewed in more detail.

#### B. Regional Conditions, Resources, and Structure

The first two chapters of this part deal with characteristics of the population of the Region. The third chapter describes the natural resources of the Region and the industries tied to them. The fourth chapter is a description of environmental quality in the Region. Two chapters dealing with facilities in the Region follow this; Chapter V discusses public revenues and expenditures and public facilities, and Chapter VI looks at housing and medical facilities. A chapter on the industrial structure of the five Old West states is next, and the section concludes with the chapter on potentials and problems mentioned earlier.

With the exception of the potentials and problems chapter, the seven descriptive chapters of this part are excellent. The authors are familiar with the data sources and use them well. They end up with a comprehensive, yet effectively distilled, picture of the Region. It is unfortunate that much of the data in these

chapters are necessarily tied to the census and do not extend beyond 1970, since, for many parts of the Region, the period from 1970 to the present represents an abrupt change of course from the 1950 to 1970 period. In response to this problem, the Plan relies heavily on the BEA income and employment series (for which data were available through 1974) to document many of the changes that have occurred in the early 1970s. This gives an indication of those parts of the Region where change has been most rapid relative to those where the characteristics of the 1950 to 1970 period continue to persist.

Despite the overall strength of this part of the Plan, there are two conspicuous omissions. The first properly deserves a separate chapter and would describe the legal, institutional, and political forces that underlie the jurisdictional network of the Region. A clear understanding of the status of joint powers agreements, of sub-state districting, of state-local relations, of multi-state issues and organizations, and of the role of the federal government in the Region are essential to definition of the Commission's role. The legislative and institutional response to higher levels of demand for western natural resources has come quickly, and many of the changes have been significant, especially in Montana, North Dakota, and Wyoming. Wyoming, for example, has a new land use planning law, a new plant siting act, new water development legislation, and a set of new statutes designed to help communities cope with the facilities demands of energy developments. Montana also has new legislation in most of these areas. A better understanding of this legislation and the way in which it is working would provide the logical basis for the Old West Commission's emphasis on energy development impact mitigation. Even more conspicuous, given the focus of the Commission, is the failure to deal with the nature of the federal presence in the Region and the regional response in the form of organizations such as the Western Governor's Regional Energy Policy Office or the Missouri River Basin Commission. It is impossible to understand what is now happening in the Region or what is likely to happen unless there is an understanding of the interaction that has taken place at the local, state, and regional level with the Department of Interior. The same point could be made with respect to water and air quality standards and the interrelationship of state and federal legislation.

The second omission is that no attention is given to "regional analysis." Do the five states constitute a Region? Are there functional economic relationships that tie the Region together? Many references are made subsequently in the Plan to the lack of high order commercial centers in the Region, but there is no discussion of the central place hierarchy or of trade and market area relationships on which these kinds of references should be based. Simply adding up the total for the five states in each table does not qualify as regional analysis. Rather, an attempt has to be made to understand the spatial dimension of the social and economic forces acting on each state and the way in which these

cross state lines. Some simple analysis would seem to be essential to the Commission's activities; both to more clearly define the problems faced by the five states and to provide the beginnings of an analytic framework for judging the merit of proposed solutions.

### C. Potentials and Problems

This chapter is the first major disappointment of the plan document. Given that the resource endowment of the Region has been described, there is a clear need for analysis of why conditions are as they are and whether they can be improved. What has determined the competitive position of the Region's resources? Can the competitive position of the resources be changed? If so, how? Getting answers to these questions is very difficult, but, without them, there is often no basis for even defining the problem much less devising a strategy to deal with it. The point can be made more clearly by looking at some examples.

Personal Income Gap. A major emphasis of the Plan is that the differential existing between personal income per capita in the Region and the average for the United States should be narrowed. This emphasis on narrowing the gap requires an understanding of what it means and why it exists. Can the implication validly be drawn from the personal income per capita data that the standard of living of the Region's residents is lower than the national average? The Commission broaches this topic in the final chapter where it is suggested that per capita income levels of 90 percent of the national average might constitute equivalent living standards, but there is no analysis to support the assertion. Turning to the reasons for the gap, what is the effect of labor force participation, of demographic structure (both age distribution and family size), and of non-labor income on the personal income per capita gap? With respect to labor income, a question arises: are discrepancies due to industrial mix coupled with differences in earnings by industry or to differences in earnings for a given industry for the Region relative to the country as a whole? Solutions to the problems raised by the two cases would obviously be very different. Finally, if the problem seems to be primarily in the area of differential earnings per employee holding industry constant, an attempt must be made to understand why this is so. Does the regional labor embody roughly comparable quantities of human capital relative to the nation? Do regional laborers have smaller quantities of cooperating factors of production with which to work thus reducing their productivity? Much of the raw material with which to deal with these issues is contained in the early chapters of the report, but it is not synthesized into a set of hypotheses that suggests why the personal income gap exists and what can be done about it.

Food Processing Potential. The Commission identified the food processing industry as having potential in the Region principally because the share of food being produced in the Region and remaining in the Region to be processed appears to be falling. The more obvious conclusion would be that the industry is being evaluated by market forces as lacking potential, but this inference is no more useful for the purposes of the Plan than the first. The questions that have to be answered center on the locational economics of certain key grain and meat processing industries. How is it possible for Billings to have a large packing plant that slaughters 300,000 to 600,000 hogs annually--most of which are finished in the Midwest and shipped live to Montana--and, simultaneously, to appear to have little prospect of substantially increasing the size of its small cattle feeding and slaughtering industry? Until questions like this are answered, the notion of potential as used in the Plan has little meaning.

Inadequate Levels of Health Care. Similar kinds of issues can be raised regarding the treatment of social services or the provision of public goods. It is widely known that the number of physicians per capita is very low in the Region. But that is not a legitimate basis for arguing that it should be raised. First, what is the nature of the health care problem? Is the present level of care inadequate? If so, does the problem seem to relate to shortages of physicians or to shortages of health facilities and medical personnel other than doctors? Finally, what are threshold patient loads for the operation of different kinds of medical practices and health facilities, and what are the implications of this information for the design of an efficient health care delivery system?

It is obvious that many of the questions raised above must necessarily be the subject of future research. At the very least, however, the chapter should have drawn together the descriptive material of the preceding chapters into some analytical conclusions. In those cases where problems could be defined and where causes were adequately understood, the Commission could then sensibly go on to define strategies to deal with the problems. These cases should then have been explicitly distinguished from those for which the analytic base does not yet exist to define needs and to formulate effective responses.

#### D. Projections of the Regional Economy

Part III of the plan document deals with projections of the regional economy. It consists of three chapters: the first provides economic and demographic projections, the second provides environmental projections, and the third looks at public facility and land and water requirements of energy-related activities.

Like Part II, Part III is carefully and competently executed. Preparation of a regional plan must take place in the context of a set of expectations about the nature and magnitude of the economic and demographic conditions likely to characterize the region in the future. The projection procedures are well designed to serve this purpose. They are easily understood and produce seemingly sensible caricatures of three possible futures that may face the Region.

The differences among the three sets of projections depend only on different assumptions with respect to levels of coal production and utilization in the Region. The projection procedure is to use OBERS growth rates applied to 1974 state employment levels to get baseline employment projections. The agricultural and manufacturing sectors are then adjusted further based on information specific to the Region. Employment is converted to earnings using a set of "wages" adjusted for productivity change on the basis of estimates of average relationships observed over the period 1965-1973 for each state.<sup>1</sup> The resulting set of employment and earnings projections are referred to as the "adjusted" OBERS baseline.

Additional sets of employment and earnings projections are derived by adding to the "adjusted" OBERS baseline the incremental consequences of trona and uranium production for Wyoming, of potash production for North Dakota, of two Bureau of Reclamation projects for the Dakotas, and of hypothesized levels of employment associated with coal production and utilization for the entire Region. Three levels of coal development are considered but only one scenario is analyzed for each of the other developments. This results in three additional sets of projections--a low, an expected, and a high estimate--with the difference between the three attributable only to the coal scenarios. The incremental employment and earnings estimates are generated in the following way:

- explicit estimates are made of changes in basic employment and income,
- basic income is used to generate nonbasic income estimates based on multipliers estimated for each sub-state region,
- total nonbasic earnings are distributed by sector according to the distribution in the OBERS projections, and

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<sup>1</sup>The sample period over which the earnings per employee equations are estimated is not identified. Given, however, that the BEA data were only available through 1972 or 1973, and that the equations had seven degrees of freedom, the sample period must have been in the vicinity of 1965-1973.

- employment in each sector is derived by dividing by the earnings per employee factor projected for that sector.

Once the level of employment is determined, assumed unemployment and labor force participation rates imply a population necessary to provide the given number of employees. The required population is then compared to the survived population in the absence of migration; and, if there is a discrepancy, in- or out-migration is assumed to occur until the discrepancy is eliminated.

Much work along these lines has been done in the Region over the past three or four years and there is much that could be said about the way in which particular problems were handled. This does not seem appropriate to the purpose of this review, however, except to make three points. First, the procedures followed seem in every case to be "reasonable." Second, the projection framework has little behavioral content; and, third, the projections are necessarily gross, and, although useful in some applications, have little value in others. The second and third points require explanation.

The structure of the analysis is very simple. Basic employment change is given exogenously, nonbasic employment is determined endogenously, and population changes in such a way as to accommodate the required change in the labor force. The implication is that many of the critical relationships which will determine what happens in the Region are not scrutinized. For example,

- there is no economic analysis underlying the projections of basic activity,
- nonbasic/basic earnings multipliers are assumed to be constant and independent of the industrial source of the basic earnings,
- no economic interrelationships are recognized among the sub-state regions or between states, and
- productivity assumptions vary substantially by state and are based on relationships observed in a past period that may be quite different from the projection period for much of the Region.

The earnings per employee assumptions play a critical role in the projections and in the nature of the results. Table 1 shows the growth rates estimated from time trends assumed by the Commission for each state together with a set of national projections developed by the Bureau of Labor Statistics. Two points can be made about the table. First, there are substantial differences between the two sets of projections and differences of

TABLE 1  
PRODUCTIVITY PROJECTIONS

	Commission Projections of Average Annual Rates of Change in Earnings per Employee 1975-1985 (percentage)					BLS Projection of National Productivity Change by Industrial Sectora (percentage)	
	Montana	Nebraska	North Dakota	South Dakota	Wyoming	1971-1980	1980-1985
Manufacturing	1.4	2.6	2.2	2.4	1.4	2.7	2.6
Mining	1.5	2.5	b	1.2	1.4	.9	.9
Contract Construction	1.3	2.5	1.9	b	2.5	1.5	.7
Transportation, Communication, and Public Utilities	2.1	3.1	2.3	2.7	2.1	4.6	4.1
Trade	1.6	6.5	1.4	1.8	1.6	3.1	2.5
Finance, Insurance, and Real Estate	1.6	2.2	2.2	1.8	1.6	2.7	2.0
Services	1.6	1.9	1.4	b	1.6	3.6	2.4
Federal Government	2.2	2.9	2.1	1.8	1.5	b	b
State and Local Government	2.1	2.5	.9	1.8	2.2	b	b

a Annual rate of change in GNP (constant dollars) per man-hour.

b Comparable data not given.

Source: Regional Economic Plan, Old West Regional Commission (March, 1976), pp. 497-503.  
The Structure of the U.S. Economy in 1980-1985, U.S. Department of Labor, Bureau of Labor Statistics  
(1975), p. 89.

that order of magnitude would make large differences in the personal income per capita projection.<sup>2</sup> The authors of either report would quickly admit the extent of the uncertainty with respect to their productivity projections. The point is only that the resulting population and employment projections have to be seen as rough approximations to what may happen.

Second, the Commission procedure yields earnings per employee growth rates that often differ among states by a factor of two and in one case differ by a factor of four. The result will be a projected divergence among states in sectoral earnings per employee that is in fact unlikely to occur. For example, taking the earnings and employment data by state by industrial sector from Chapter VIII, average earnings per employee in 1974 in mining were \$6,700 in Nebraska and \$6,000 in South Dakota. Yet, on the basis of historical time trends, it is projected that earnings per employee in Nebraska will grow at 2.5 percent compared to 1.2 percent for South Dakota (see Table 1). The implication is that by 1985 earnings will have grown to \$8,791 per employee in Nebraska but to only \$6841 per employee in South Dakota, i.e., relative wages in the neighboring states will have fallen from a ratio of about .90 in 1974 to .78 in 1985. As the Region grows and as transportation networks improve, one would expect relative wages to converge rather than diverge, especially given the observed mobility of the Region's work force.

For those interested in this kind of projection work, it is very easy to get involved in technical issues that do not bear directly on evaluating the projections in light of the purpose they are intended to serve. The economic-demographic projections establish a usable set of boundaries within which regional population, income, and employment are likely to fall. However, the distinction must be made between what economists refer to as a structural model which emphasizes cause and effect relationships and a projection model that is largely extrapolative in nature. The latter is sufficient if all you want to know is what is going to happen; the former is necessary if you want to know why and what can be done about it. The regional planning process obviously requires both kinds of analysis, and the projection framework of Chapter X does not have enough structural content to deal with most of the important policy questions that must be answered if the Commission is to formulate basic strategies to deal with the problems of the Region.

If economic-demographic projections are complex and difficult, the task presented by environmental quality projection and the derivation of community facility requirements are even more

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<sup>2</sup>An adjustment would have to be made for expected changes in average hours worked per employee to make the estimates strictly comparable.

formidable--the former because knowledge of many of the physical relationships is so fragmentary and the latter because of variability in political and institutional arrangements. Analysis is also made difficult because it is frequently necessary to be site specific before meaningful results can be determined.

Given these kinds of constraints, the Commission adopted the reasonable strategy of trying to get average relationships that could be linked up with the economic-demographic projections. The result is that order-of-magnitude type results are obtained with respect to some of the environmental and public facilities implications of the projections.

#### E. Proposed Regional Policy Plan

The fourth part of the plan document contains only a single chapter entitled "Regional Goals and Implementation Strategy." This chapter begins by stating the goals and objectives of the Old West Regional Commission. They are as follows:

- (1) To increase per capita personal income in the 18 sub-state areas of the Region to about \$4,800 (in 1967 dollars) for the non-Indian population in 1985. This translates into a personal income increase of \$280 per capita in five projected deficit sub-state areas.
- (2) To increase per capita personal income among American Indian peoples in the Region by about \$350 (in 1967 dollars) above the expected 1985 level.
- (3) To prevent serious potential dislocations or disruptions from occurring in the regional economy as a result of rapid energy-related developments.
- (4) To achieve the environmental quality implied in the federal and state regulations for air and water pollution, and to maintain high quality areas.
- (5) To improve health services, especially in the more rural parts of the Region.
- (6) To provide for increased citizen participation in the governmental decision-making process and to provide a forum for discussing regional issues.

The Commission uses the terms goals and objectives interchangeably. It is necessary, therefore, that the six items serve two functions. They must represent the expressed values and aspirations of the residents of the Region, and they must give

specificity to these priorities so that strategies can be formulated and so that at some future time the efficacy of the Plan can be evaluated. The first requirement was suggested at the beginning of this review to be characteristic of a goal while the second and third characterized objectives.

Most conspicuous is that there is no sense of expression of regional aspirations in the items listed by the Plan. Several references to the fact that a questionnaire was sent to public officials in the five states are made throughout the document, yet nowhere is there any systematic presentation of what was found. The items identified by the Commission represent concerns that are relevant to the Region, but there are many other issues currently prominent in the five states. Is there evidence in state policy papers, in state legislation, in local or sub-state district plans that these six items represent the highest priority objectives for the citizens of the Region?

Assuming that these items are representative of the concerns of the Region's residents, items 3, 5, and 6 serve well as goals but poorly as objectives. Prevention of dislocations, improvement of health services, and increased citizen participation need to be given more explicit definition before strategies can be identified and programs and policies designed. In particular, how can it be determined whether increased citizen participation has been achieved or whether "serious dislocations" have been avoided? Even the personal income targets, which appear to be the most satisfactorily defined, are problematic as objectives. Ten years from now it will not be difficult to measure what has happened to personal income, but it is unlikely that the Commission's role in causing whatever changes have occurred will be able to be identified. For this reason, raising personal income should probably be considered a goal and then specific objectives could be set which would provide a better standard of evaluation and a clearer focus for the process of strategy solution--e.g., an objective might be to increase female labor force participation rates in rural areas by 20 percent or to provide occupational upgrading through on-the-job training for 200 Indian residents of the Crow Reservation.

Finally, why a \$280 per capita increase for Anglos and \$350 increase for Indians? Is this all that can be afforded? Does it reflect the priorities of the citizens of the Region? Is it all that could possibly be achieved? Much emphasis is placed on these particular figures, and many of the quantitative details of the Plan depend on them; yet, there is no sense of where they came from.

Having stated the goals and objectives of the Plan, Chapter XIII turns to an analysis of public costs; and, at this point, the document begins to have a serious credibility problem. Referring now particularly to the personal income goals, there must be some sense of comparison of alternative ways of achieving the goal. What kinds of strategies are possible? Which would be most effective? Instead, it is simply reported that if earnings requirements

of approximately \$350 million (1975 dollars) are to be achieved, then there will be a required capital investment in the Region of \$1,803 million, of which \$500 million will have to be public funds. The kinds of aggregate production function relationships which support these calculations have been subject to professional criticism because of the poor data on which they are based and the conceptual problems involved in deriving the aggregate relationships. But it is of no particular consequence whether the required public expenditures are 25 percent too high or 25 percent too low. The critical question is whether the Plan gives a clear sense of why the problems exist and how public funds can effectively be spent to achieve its objectives. Nowhere in the Plan is there coherent analysis of why Indian incomes are low or of what strategies might sensibly be undertaken to raise them. Undoubtedly, much remains to be learned about both questions. Some of what remains to be learned will require new and better sources of information as new and better theories of why social or economic behavior is as it is. Other knowledge will be able to be achieved on the basis of existing information once the time constraints imposed by the plan preparation process are relaxed.

There should be a logical progression from the definition of objectives to the ways in which they can be achieved and to the cost of achieving them. We know that the Old West Region has large capital requirements; we know that it is going to be expensive to satisfy these requirements. But what is not known is which investments will be productive, which will be counter-productive, which should be undertaken first. Once the strategies are defined, the cost estimates become interesting. Until then, one questions whether they serve a useful purpose.

#### IV. CONCLUSIONS

It is obvious that the Old West Regional Economic Plan is a well written and carefully researched document that will substantially increase understanding of the Old West Region, of its problems, and of what can be done to deal with them. Much of the generality of this review was possible because there is little that needs to be said about the specifics of the approach or of the conclusions of the authors in most of the document. As a consequence of not having to worry about the way in which multipliers were estimated, or about conceptual confusions between BEA and Census employment data, etc., it was possible to look at some more general criteria applicable to evaluation of a planning document. Shortcomings were found. Significant was the fact that it was not clear that the concerns of the residents of the Region were identified. There was no attention given to the functional economic and social relationships that form the spatial ties that define the "regions" and "subregions" of the five-state area. Insufficient emphasis was given to political and institutional arrangements in the Region and to the jurisdictional relationships among

local, state, regional, and federal bodies. Most conspicuous, however, was the failure to build analytic structures capable of indicating appropriate strategies to achieve the Plan's goals and objectives.

Particularly troublesome was the failure to develop an analytic framework that would both have given an explanation of the distribution of per capita incomes in the Region and would have pointed to strategies that might be effective in changing it. There was enough basic information in the descriptive chapters of the Plan to support an integrative attempt--at least for the non-Indian population of the Region. Describing the determinants of the economic situation of the Indians of the Region and what might be done to improve it is much more demanding and is probably beyond the scope of the effort that could be expended in preparation of the Plan.

The Old West Region has its share of the traditional kinds of lagging region development problems that originally led to the formation of the Regional Commissions. It also has a whole different set of problems associated with adverse consequences of rapid growth. Many of these problems are more tangible, better understood, and probably more amenable to public policy amelioration than are the traditional development problems which are deeply rooted in economic forces that are not easily changed. The result is that when the Plan talked about proposed public investment assistance programs to accommodate energy-related developments, it immediately became more purposeful and there was a much clearer sense of what the Commission's role might be.

The final pages of the Plan (pp. 331 and 332) outline proposed technical, planning, and demonstration assistance programs. They clearly demonstrate the the Commission recognizes much of what remains to be done so that it can more effectively carry out Congressional intent. There is a clear sense of the research requirements for better understanding of regional needs and for a precise identification of causes so that regional needs can be more effectively met. Implicitly, it is clear that the Commission is aware of many of the shortcomings of its Plan and that commitments are already being made to deal with them.

July 8, 1976

MEMORANDUM

TO : John Eden  
Acting Executive Secretary  
for the Federal Advisory Council  
on Regional Economic Development

FROM : Daniel H. Garnick  
Acting Associate Director for  
Regional Economics

SUBJECT: Review of Regional Development Plan Prepared by the  
Old West Regional Commission

The report of the Old West Regional Commission does not present a convincing analysis or plan for achieving economic improvement in the Commission regions.

While the report acknowledges the reversal of the 1960's pattern of population net outmigration from the Old West Region since 1970, the likely causes, prospects for continuation, and general implications for the plan receive little attention. There is, moreover, a failure to consider important links between economic and demographic developments in the Region, generally.

Perhaps the most important economic observation made in the report is that the Old West Region tends to have a relatively high employment participation ratio (Employment participation rates are calculated in such a way in the report as to bias them upward for the Old West Region and tend to obscure the fact that in many parts of the Region participation rates for married females are very low compared to national rates.) This observation is used as the basis of recommendation that policy emphasis should be placed on upgrading worker skills and changing the job mix rather than increasing the rate of job expansion in low income areas (except for Indian areas with high unemployment). It is difficult to argue with the concept of upgrading job skills, but the evidence presented in the report that lack of job skills in the Old West place the Region at a comparative disadvantage is not convincing.

The principal evidence presented concerning inadequate job skills of workers in the Region was based on responses to a questionnaire distributed to large employers in the Region. The respondents generally indicated that worker skill was their most serious employment problem. There was no evidence presented that the skill problem was more serious in the Old West States than elsewhere, however, and when firms were asked about the reasons for their choice of location, the most important reason was generally the high quality of the labor force. Therefore, the data presented in the report could easily be used to argue for labor skill and quality as a locational advantage for the Region rather than a disadvantage as is done in the report. Indeed, the report does note that general educational levels are above the national average in nearly all parts of the Old West Region (except among the Indian population). It did, however, suggest that the Region suffers from inadequate vocational training facilities. Here, again, the evidence presented is weak. No comparisons are made with national data or data for other regions. It is noted that enrollments in vocational programs are concentrated in the more populous parts of the Region, but, in fact, the distribution of institutions is less concentrated than enrollments. Moreover, in spite of their stated concerns for labor skills, the businessmen surveyed in the report placed vocational training well down on the list of problems they saw constraining business growth.

Five of 18 substate areas within the Region were selected for special attention based on projected real (1967) per capita income levels below \$4,800 by 1985. There was no substate analysis of the incidence of poverty to verify that these areas in fact contained the largest concentrations of non-Indian poor in the Region. Moreover, there was virtually no consideration of the difficulties associated with projecting the highly volatile farm incomes which must be known to achieve meaningful comparisons between the rural and urban parts of the Old West Region. Hence, with the possible exception of the Indian population (and even here analysis and proposals are often weak or vague), the report does a poor job of targeting particular areas and population groups which might appropriately receive special assistance.

Considering the high degree of interest both within the Region and nationally concerning the vast energy reserves contained in the Old West States, the Regional Plan contains surprisingly little analysis of the prospects, possibilities, and pitfalls which could be associated with energy developments. The report does make some projections of the likely impact of limited energy development efforts on regional incomes and it also presents recommendations for public spending programs. The report suggests that impacts of energy development will be largely restricted to four of 18 substate regions expected to contain mining operations. The report not only ignores the possibility that policies might be developed that could spread the benefits

of energy-related development beyond the confines of the areas directly affected, but it also suggests that a much larger sum of Federal subsidies should be allocated to prevent "serious dislocations or disruptions" in the energy development areas than should be allocated for improving income prospects in low income areas.

The basis for the specific conclusions and recommendations is not always clear, and the proposals are likely to be subject to considerable controversy.

Following are comments in accordance with the review standards (Part 530.3) of the Federal Regulations relating to Title V Regional Commissions:

#### Consistency with National Economic Trends and Interregional Consistency

The projections of economic activity and population used in the report are based on the projections of the BEA, modified to reflect recent regional changes. These projections put the projections for the Region in a framework which is consistent with national economic trends and regionally consistent. However, as noted, there are difficulties with respect to farm income projections, and these are of particular importance to this largely rural Region.

#### Transfers of Employment and National Benefits

The stated objective of the report is to raise per capita income in all the substate areas to at least 90 percent of the national average by 1985. (The projections for the region indicate that the per capita income will reach 90 percent by 1985 but not all substate areas will reach that level.)

Subsidy funding is included in the plan in the form of public irrigation development and grants in aid for industrial parks. Such subsidies transfer economic activity from one area to another, and do not necessarily generate net national benefits. And, as noted, the Plan does not take account of the possibilities of spreading the benefits associated with the Region's energy resources, wherein a more permanent basis for developing its comparative advantage might be established.



UNITED STATES DEPARTMENT OF COMMERCE  
Economic Development Administration  
Washington, D.C. 20230

AUG 2 1976

MEMORANDUM FOR JOHN W. EDEN

Acting Executive Secretary  
for the Federal Advisory Council  
on Regional Economic Development

FROM: D. Patricia Keeler *D.P. Keeler per 6A*  
Director  
Office of Planning and Program Support

SUBJECT: Old West Commission Regional Economic Plan

The Old West Commission's Plan calls for additional Federal spending over the next ten years of \$1.04 billion to reduce the Region's "income gap" and help alleviate other Regional problems.

The Plan encompasses three major program components: (a) investment and employment services assistance directed at stimulating income growth; (b) investment assistance for community facilities associated with the development of energy resources; and (c) technical, planning, and demonstration assistance.

The plan is supported by background information on the present state and future prospects of the Regional economy; an assessment of environmental quality in the Region; and recent Federal, State, and local and public expenditures levels. Economic potentials and obstacles to the realization of these potentials are analyzed. The possible impact on the Region's economy, water resources, and environmental amenities of development of the Region's energy resources (principally coal) is also examined.

The plan's supporting analysis is complete in the sense of offering a justification for program funding. Where we find the Plan to be less complete, however, is in providing the comprehensive regional analysis which could significantly facilitate coordination of the many programs which impact on the Region's growth.

Our comments will review several areas in which we believe analysis and clarification of the issues would increase the utility of the Plan as a guide for public policy and as a means for affecting improved coordination among public agencies.



1. The Plan contains an analysis of the magnitude and pattern of Federal, State, and local public expenditures in the Region. This analysis indicates, for example, that the proposed \$1.04 billion program of supplemental spending will account for less than 1 percent of total public spending in the Region during the ten year planning period.

The implied assumption is, obviously, that the Commission's limited resources can be used to "leverage" a greater impact on regional development than would be expected from the size of the Commission's spending. That is, the Commission will be able to use its supplementary funding authority to influence the pattern of public spending in such a way as to have a developmental impact out of proportion to the size of those resources. However, there is little analysis in the Plan of how public expenditures are made or whether Federal spending decisions, for example, discriminate against the Region. Nor does the Commission indicate how it would alter public priorities and the policies and practices governing program decisions so as to increase their efficiency in realizing Regional goals.

2. The Plan focuses on public spending. Little attention is given in the supporting analysis to policies and actions which do not involve spending, but which impact Regional development. We refer here, for example, to tax policies at the Federal, State, and local level; regulatory policies in the area of transportation and environmental protection; and trade policy particularly as it affects demand for the Region's agricultural commodities.
3. The Plan makes the point that careful planning can reduce the eventual public investment costs and loss of environmental amenities that will be associated with development of the Region's energy resources. There is little discussion, however, of institutional capabilities at the State and local level for planning and for management of the public role. The Commission's Technical, Planning, and Demonstration Assistance program will probably be directed at strengthening these institutional capabilities. What the need is or how this will be done is not indicated by the Plan.

4. While the Plan contains an estimate of population increases and public capital requirements associated with energy resource development by sub-State area, we believe that there is a need for a detailed look at the Regional economy in terms of its sub-regional economic components. The Old West Region is characterized by diversity and Region-wide and even State-wide statistics and generalizations do not reveal important sub-regional variations. In addition, most of the projects to be supported by Commission funding will probably be evaluated primarily in terms of their sub-regional impact. For these reasons we suggest that the Commission consider developing a consistent set of sub-regional economic profiles in sufficient detail to provide a basis for assessing impact and establishing cost and benefit relationships.

In conclusion we would like to compliment the Commission for the thoroughness of its analysis within obvious limitations imposed by funding and time constraints. As one example, we were impressed by the depth of the Commission's analysis of the environmental implications of expected growth and the value it has attached to preserving environmental amenities along with the pursuit of economic growth.



UNITED STATES DEPARTMENT OF COMMERCE  
National Oceanic and Atmospheric Administration  
Rockville, Maryland 20852

PB

DATE: JUN 3 1976

TO: John W. Eden  
Acting Executive Secretary of the  
Federal Advisory Council on  
Regional Economic Development

FROM: Robert M. White  
Administrator

SUBJECT: Review of Regional Development Plan Prepared  
by the Old West Regional Commission

We have reviewed this draft and have no comments on it.



**APPENDIX C**

**WRITTEN COMMENTS FROM**

**INTERESTED GROUPS**

# Missouri River Basin Commission

John W. Neuberger

Chairman

Keith S. Krause, Kansas

Vice-Chairman

Suite 403 • 10050 Regency Circle • Omaha, Nebraska 68114

"A Presidential State-Federal River Basin Commission"

June 22, 1976

Mr. Warren C. Wood  
Federal Co-Chairman  
Old West Regional Commission  
1730 "K" Street, N.W.  
Suite 426  
Washington, D.C. 20006

JUN 26 1976

*Chair*  
Dear Mr. Wood:

This is in response to your invitation to review and comment on the revised draft "Regional Economic Plan" prepared by the Old West Regional Commission, dated March 1976. I am providing you some general and also more detailed comments resulting from Commission staff review.

Your submission and our review of the Regional Economic Plan is certainly in compliance with the Memorandum of Understanding between our two commissions. To further implement the MOU provision for maintaining close liaison between the commissions, I think it would be useful if our planning staff members could meet occasionally to review planning objectives and programs and to become personally acquainted. I will be contacting you in this regard by telephone.

The need for planning and implementation of water management to foster economic development and to preserve environmental quality is woven throughout your report. I think this emphasizes again the need for close cooperation between our commissions, since the MRBC has responsibility for preparing and maintaining a comprehensive, coordinated joint plan for water and related land resources in the Missouri River Basin. When you revise the report, it might be beneficial to list those agencies, such as MRBC, which have authorities and responsibilities affecting or closely related to the areas in which you are working and have responsibilities. The River Basin Commissions' responsibilities are set forth in the Water Resources Planning Act of 1965 and are summarized briefly in our 1975 annual report.

There may be some mutual goals in the area of water and related land resources which the two commissions could pursue together. Such things as provision of agricultural and industrial water supplies, water pollution abatement, water related outdoor recreation and perhaps others appear to be areas of common endeavor. With the MRBC responsibility for planning and the OWRC responsibility for stimulating orderly economic growth, there could be opportunity for joining forces in some instances to further the implementation of specific programs or projects.

CONFIDENTIAL - 10050

Colorado; Iowa; Kansas; Minnesota; Missouri; Montana; Nebraska; North Dakota; South Dakota; Wyoming; Department of Agriculture; Department of the Army; Department of Commerce; Energy Research and Development Administration; Environmental Protection Agency; Federal Power Commission; Department of Health, Education and Welfare; Department of Housing and Urban Development; Department of the Interior; Department of Transportation; Yellowstone River Compact Commission; Big Blue River Compact Administration.

Concerning water related needs, the plan seems to focus on near-term needs for energy development, and probably rightly so. However, there are several other water-related needs, including those for agriculture and for outdoor recreation development. We may be able to provide some information on these when the plan is revised.

The following are more specific comments on the "Regional Economic Plan."

1) Page 90, Table IV-3 shows estimated average annual flows with 1970 level utilization taken from "The Missouri River Basin Comprehensive Framework Study." These flows are being updated by the MREC for the 1975 National Water Assessment, which is presently underway, and should be available before your next plan revision.

2) Page 332, Table XIII-8 shows proposals for funding potential projects and studies and includes "A more thorough study of water supply, demand, and price structure in the Region. A designation of actual and potential local water problems, and needed future projects in relation to supply, demand, pricing and competitive issues." MREC work on the update of the Basin Framework Plan and on the Assessment will try to accomplish this for the Missouri River Basin, with the exception of pricing and competitive use studies. Possibly we should have some coordination of the items currently under study and discuss additional studies of water pricing and competitive use.

3) Page 98, states that "over 80 percent of the water withdrawn for use from the Region's surface and ground water sources was consumed or not returned...." The words "to the original source" should be added since large irrigation conveyance losses are included, and although withdrawn from surface sources, much of the loss is returned to ground water. This also applies to some other functional losses. You may also wish to note that if conveyance losses are not considered consumptive use, the percent consumed of that withdrawn would be about 57 percent.

4) Page 137, in the discussion of water quality in the Middle Missouri River Basin it appears that emphasis is placed on the contribution of strip mining to turbidity rather than on natural sedimentation and farming practices. The latter sources are probably greater contributors to turbidity.

5) The plan proposes massive transfusions of federal funds as the solution to improving the Indians' economic status. It is not clear how this would work to maintain an improved economic level without development of the economic base--especially through water developments--to sustain the economy.

6) The plan includes possible financial support by OWRC for irrigation projects in low income areas. According to the U.S. Water Resources Council "Principles and Standards for Planning Water and Related Land Resources,"--which constitute the planning guidelines for federal and federally-assisted projects and

Mr. Warren C. Wood

June 22, 1976

Page 3

programs--irrigation type projects must have economic benefits greater than economic costs. It would appear that projects included in your plan may not meet that test and, therefore, could be in conflict with those included in our comprehensive plan. This may require some discussion before your next plan revision.

Thank you for the opportunity to review and comment on the Regional Economic Plan. I will be in contact with you pertaining to some of the points brought out in this review.

Sincerely,



John W. Neuberger  
Chairman

JWN/seh

cc: Keith S. Krause, Vice-Chairman, MRBC  
Archie Chelseth, Vice-Chairman-Elect, MRBC  
John Dewey, Chairman, MRBC Framework Update Committee  
Paul Harley, Chairman, MRBC Priorities Committee  
Director of Planning, MRBC

APPENDIX D

EXECUTIVE ORDER NO. 11386

DATED DECEMBER 28, 1967

ESTABLISHING THE FEDERAL ADVISORY COUNCIL  
ON REGIONAL ECONOMIC DEVELOPMENT

# Presidential Documents

## Title 3—THE PRESIDENT

### Executive Order 11386

#### PRESCRIBING ARRANGEMENTS FOR COORDINATION OF THE ACTIVITIES OF REGIONAL COMMISSIONS AND ACTIVITIES OF THE FEDERAL GOVERNMENT RELATING TO REGIONAL ECONOMIC DEVELOPMENT, AND ESTABLISHING THE FEDERAL ADVISORY COUNCIL ON REGIONAL ECONOMIC DEVELOPMENT

WHEREAS the proper discharge of Federal responsibilities under the Appalachian Regional Development Act of 1965 (79 Stat. 5, 40 U.S.C. App.) and the Public Works and Economic Development Act of 1965 (79 Stat. 552, 42 U.S.C. 3121 *et seq.*), as amended by Public Law 90-103, 81 Stat. 257, requires that the participation of the Federal Government in regional development activities be effectively coordinated;

WHEREAS the President is required by the Appalachian Regional Development Act of 1965 to provide effective and continuing liaison between the Federal Government and the Appalachian Regional Commission;

WHEREAS the Secretary of Commerce has responsibility under the Public Works and Economic Development Act of 1965 for Federal economic development activities designed to alleviate conditions of substantial and persistent unemployment and underemployment in economically distressed areas and regions of the Nation;

WHEREAS the Secretary of Commerce is directed by the Public Works and Economic Development Act of 1965 to coordinate the Federal Cochairmen appointed to regional commissions established before or after the date of that Act;

WHEREAS the Secretary of Commerce is required by the Public Works and Economic Development Act of 1965 to provide effective and continuing liaison between the Federal Government and each regional commission established under Title V of that Act; and

WHEREAS the Secretary of Commerce has been Chairman of the President's Review Committee for Development Planning in Alaska, established to provide general direction and guidance to the Federal Field Committee for Development Planning in Alaska, established by Executive Order No. 11182, dated October 2, 1964;

NOW, THEREFORE, by virtue of the authority vested in me by the Appalachian Regional Development Act of 1965, the Public Works and Economic Development Act of 1965, and section 301 of Title 3 of the United States Code, and as President of the United States, it is ordered as follows:

SECTION 1. *Functions of the Secretary of Commerce.* The Secretary of Commerce shall—

(a) Provide the effective and continuing liaison required by section 104 of the Appalachian Regional Development Act of 1965 and by section 503(c) of the Public Works and Economic Development Act of 1965 between the Federal Government and each regional commission established under those

## THE PRESIDENT

Acts, and between the Federal Government and the Federal Field Committee for Development Planning in Alaska (hereinafter referred to as "the Field Committee").

(b) Obtain a coordinated review within the Federal Government of plans and recommendations submitted by the commissions and the Field Committee.

(c) Provide guidance and policy direction to the Federal Cochairmen and the Chairman of the Field Committee with respect to their Federal functions.

(d) Promote the effective coordination of the activities of the Federal Government relating to regional economic development.

(e) In carrying out the functions set forth in section 1 (a), (b), (c), and (d) the Secretary of Commerce shall—

(1) Review the regional economic development plans and programs submitted to him by the Federal Cochairmen, budgetary recommendations, the standards for development underlying those plans, programs and budgetary recommendations, and legislative recommendations; and advise the Federal Cochairmen of the Federal policy with respect to those matters, and where appropriate, submit recommendations to the Director of the Bureau of the Budget.

(2) Review and advise the Chairman of the Field Committee with respect to the tentative plans and recommendations of the Field Committee, and receive and consider the final plans and recommendations of the Field Committee and transmit them to the heads of interested Federal departments and agencies and to the President.

(3) Resolve any questions of policy which may arise between a Federal Cochairman and a Federal department or agency in the implementation of regional development programs.

(4) Appoint a Special Assistant and other staff as required to assist him in carrying out these functions.

SEC. 2. *Establishment of the Council.* (a) There is hereby established the Federal Advisory Council on Regional Economic Development, hereinafter referred to as "the Council."

(b) The Council shall be composed of the following members: The Secretary of Commerce, who shall be the Chairman of the Council (hereinafter referred to as "the Chairman"), the Secretary of Agriculture, the Secretary of the Army, the Secretary of Health, Education, and Welfare, the Secretary of Housing and Urban Development, the Secretary of the Interior, the Secretary of Labor, the Secretary of Transportation, the Director of the Office of Economic Opportunity, the Administrator of the Small Business Administration, the Federal Cochairman of the Appalachian Regional Commission, such Federal Cochairman as are appointed by the President under authority of Title V of the Public Works and Economic Development Act of 1965, and the Chairman of the Field Committee.

(c) Whenever matters within the purview of the Council may be of interest to heads of Federal departments or agencies not represented on the Council under section 2(b) of this order, the Chairman may consult with the heads of such departments and agencies and may invite them to participate in meetings and deliberations of the Council.

## THE PRESIDENT

(d) The Council shall meet at the call of the Chairman.

SEC. 3. *Functions of the Council.* The Council shall assist the Secretary of Commerce in carrying out the functions set forth in section 1 of this order, and shall, as requested by the Secretary of Commerce---

(a) Review proposed long-range economic development plans prepared by the regional commissions and the Field Committee.

(b) Recommend desirable development objectives and programs for such regions and Alaska.

(c) Review proposed designations of additional economic development regions under Title V of the Public Works and Economic Development Act of 1965.

(d) Review Federal programs relating to regional economic development, develop basic policies and priorities with respect to such programs, and recommend administrative or legislative action needed to stimulate and further regional economic development.

(e) Review proposed department or agency regional economic development plans.

(f) Recommend surveys and studies needed to assist the Secretary of Commerce and the Council in carrying out their functions.

SEC. 4. *Responsibilities of the Participating Federal Agencies.* (a) Each Federal department and agency the head of which is referred to in section 2(b) of this order shall, as may be necessary, furnish assistance to the Council in accordance with the provisions of section 214 of the Act of May 3, 1945 (59 Stat. 134, 31 U.S.C. 691).

(b) The head of each such Federal department or agency shall designate an Assistant Secretary or equivalent level official who shall have primary and continuing responsibility for the participation and cooperation of that department or agency in regional economic development as required by this order.

(c) The head of each such Federal department or agency shall keep the Secretary of Commerce and the Council informed of all proposed regional economic development plans of his department or agency.

(d) The head of each such Federal department or agency shall, consonant with law and within the limits of available funds, cooperate with the Council and with the Secretary of Commerce in carrying out their functions under this order. Such cooperation shall include, as may be appropriate, (1) furnishing relevant available information, (2) making studies and preparing reports, (3) in connection with the development of programs, priorities, and operations of the department or agency, giving full consideration to any plans and recommendations for the economic development of the various regions, including recommendations made by the Council, and (4) advising on the work of the Council as the Chairman may from time to time request.

SEC. 5. *Responsibilities of the Federal Cochairmen and the Chairman of the Field Committee.* The Federal Cochairmen, and the Chairman of the Field Committee as appropriate, shall--

## THE PRESIDENT

(a) Maintain continuing liaison with the Secretary of Commerce with respect to the activities of the regional commissions and the Field Committee.

(b) Adhere to general Federal policies affecting regional economic development that are established by the Secretary of Commerce.

(c) Inform the appropriate Federal departments and agencies of programs and projects to be considered by the commissions, and attempt to obtain a consensus within the Federal Government through consultation with appropriate Federal agency representatives before casting a vote on any such matter.

(d) Represent the participating Federal departments and agencies in connection with the activities of the regional commissions.

(e) Submit to the Secretary of Commerce regional economic development plans and programs of the regional commissions, budgetary recommendations, legislative recommendations, and progress reports, as requested by the Secretary of Commerce, on the activities of the regional commissions.

(f) Submit reports required by section 304 of the Appalachian Regional Development Act of 1965 and by section 510 of the Public Works and Economic Development Act of 1965 to the Secretary of Commerce for review prior to transmittal to the President or the Congress.

SEC. 6. *Appalachian Program.* (a) Funds appropriated pursuant to sections 201 and 401 of the Appalachian Regional Development Act of 1965 shall be available to the Federal Cochairman of the Appalachian Regional Commission for the purposes of carrying out that Act.

(b) The Federal Cochairman of the Appalachian Regional Commission is delegated the functions conferred upon the President by sections 214(a), 302(a), and 302(c) of the Appalachian Regional Development Act of 1965, which shall be exercised by him in accordance with the provisions of this order.

SEC. 7. *Construction.* Nothing in this order shall be construed as subjecting any function vested by law in, or assigned pursuant to law to, any Federal department or agency, to the authority of the Council or the Secretary of Commerce, or as abrogating or restricting any such function in any manner.

SEC. 8. *Definition.* Except as the context may otherwise require, any reference herein to any Act, or to any provision of any Act, shall be deemed to be a reference thereto as amended from time to time.

SEC. 9. *Prior Executive Orders.* (a) Executive Order No. 11182, as amended, is hereby further amended as follows:

(1) By changing the heading of the order so as to read as follows: "ESTABLISHING THE FEDERAL FIELD COMMITTEE FOR DEVELOPMENT PLANNING IN ALASKA".

(2) By striking the words "the Housing and Home Finance Administrator" from section 1(b) and by inserting in lieu thereof the words "the Secretary of Housing and Urban Development, the Director of the Office of Economic Opportunity".

(3) By substituting the following for subsection (a) of section 2:

"(a) Subject to the general direction and guidance of the Secretary of Commerce, the Field Committee shall serve as the principal instrumentality for developing coordinated plans for Federal programs which contribute to

THE PRESIDENT

economic and resources development in Alaska and for recommending appropriate action by the Federal Government to carry out such plans."

(4) By striking from sections 3(e) and 3(f) the words "Review Committee" and by inserting in lieu thereof the words "Secretary of Commerce."

(5) By revoking Part II. The President's Review Committee for Development Planning in Alaska, established by that Part, shall be deemed to be hereby abolished.

(6) By redesignating Part III and section 31 thereof as Part II and section 21, respectively.

(7) By redesignating Part IV and sections 41, 42, and 43 as Part III and sections 31, 32, and 33, respectively, and by striking from the redesignated section 33 the words "and the Review Committee".

(b) The Federal Development Committee for Appalachia, established by Executive Order No. 11209 of March 25, 1965, is hereby abolished and that order is hereby revoked.

/S/ LYNDON B. JOHNSON

THE WHITE HOUSE,

*December 28, 1967.*

[F.R. Doc. 68-111; Filed, Jan. 2, 1968; 10:37 a.m.]

THE PRESIDENT

Title 3 -- The President

EXECUTIVE ORDER 11608

Termination of Federal Field Committee for Development Planning in  
Alaska

By virtue of the authority vested in me as President of the United States, Executive Order No. 11182 of October 2, 1964, as amended, is revoked and the Federal Field Committee for Development Planning in Alaska established thereby is abolished. Executive Order No. 11386 of December 28, 1967, to the extent that it pertains to the Federal Field Committee for Development Planning in Alaska, is revoked. The Secretary of Commerce shall make such arrangements as may be necessary relating to the termination of the Committee.

THE WHITE HOUSE,

July 19, 1971

s/ Richard Nixon

[FR Doc. 71-10414 Filed 7-19-71;4:20 pm]



## **APPENDIX E**

### **OUTLINE OF PLAN REVIEW PROCESS**

## OUTLINE OF REGIONAL PLAN REVIEW PROCESS

### *A. Introduction*

The review process described in this statement reflects experience to date in conducting the Federal review of regional plans. The procedure is based on several premises:

1. The individual Regional Commission plan has been developed by the Federal Cochairman and the Commission staff in close consultation with member agencies of the Regional Advisory Council.
2. Before the plan is referred to the Department of Commerce, Federal Agencies at the regional level have made a review and provided inputs.
3. The review provided for herein is at the Federal headquarters level and the Federal Cochairman will involve his Commission, as required by Commission policy and practice, in responding to recommendations and suggestions from the agencies and guidance from the Secretary of Commerce.

### *B. Purposes*

The principal purposes to be achieved in the review process are:

1. To provide the Secretary and Federal Cochairman with appraisals by expert sources on problems and solutions in the regional plan;
2. To inform the review elements (agencies of the Department of Commerce and other concerned departments and agencies of the Executive Branch) of regional problems and proposed solutions by the Commission;
3. To permit review elements to identify areas of cooperation with the Regional Commission; and
4. To provide the Secretary and the Federal Cochairman a basis for formulating budget requests.

### *C. Review Elements*

The review elements are:

1. The Secretary of Commerce;
2. The Assistant Secretary for Economic Development;
3. The Special Assistant to the Secretary of Commerce for Regional Economic Coordination (SAREC);
4. Member agencies of the Federal Advisory Council on Regional Economic Development (FACRED); and
5. Department of Commerce (DOC) Intradepartmental Committee.

**D. Review Schedule (Steps)**

1. Draft plan submitted by Federal Cochairman to SAREC. SAREC performs review and provides comments to the Federal Cochairman within 15 days.
2. SAREC transmits draft plan to Secretary for preliminary information purposes.
3. Draft plan distributed by SAREC or by the Federal Cochairman to the Assistant Secretary for Economic Development, the DOC Intradepartmental Committee, and member agencies of FACRED suggesting a 60-day deadline for comment.
4. Federal Cochairman submits to SAREC a report on his disposition of review element comments. SAREC prepares recommendations to the Secretary on the plan and review element comments within 15 days of receipt of Federal Cochairman's report.
5. Secretary of Commerce supplies guidance to the Federal Cochairman.
6. The Regional Commission takes action on the plan and the Federal Cochairman resubmits to Secretary of Commerce.
7. Secretary of Commerce reviews and submits the plan and his recommendations to the White House, notifying the Federal Cochairman and review elements of his actions.

**E. Focus of Review by Review Elements**

1. *SAREC*—The review in SAREC considers the following:
  - (a) Does the plan meet the minimum acceptable planning requirements outlined in Secretary of Commerce memorandum of January 10, 1968 to Director, Bureau of the Budget?
  - (b) Does the plan meet the requirements of Section 307.5 in Title 13 of the Code of Federal Regulations published July 14, 1967?
  - (c) Does the plan respond to written guidance from the Secretary of Commerce beginning with his memorandum of January 28, 1970?
2. *Assistant Secretary for Economic Development*—Review by this office should include:
  - (a) Are the Commission's projections consistent with national trends, EDA information regarding conditions in the region, and public investment payoffs?
  - (b) How do EDA plans for redevelopment areas and districts relate to the regional plan?
  - (c) What are the opportunities for mutually-supportive coordination between EDA activities and the programs proposed in the plan?
3. *DOC Intradepartmental Committee*—Members review the plan from the standpoint of their agency expertise, identifying potential contributions to the plan's goals and objectives. (List of member agencies attached.)
4. *FACRED*—FACRED review should be concerned principally with policy considerations and improvement of coordination. (List of member agencies attached.)
  - (a) Review for conflicts in authority, jurisdiction, and legislation.

- (b) Review for priorities and timing from the standpoint of the agency.
- (c) Review for relationship to existing policies of the agency.
- (d) Review to identify and make recommendations on national policy needs revealed by the plan.

5. *Secretary of Commerce*—The Secretary's review concerns are principally two:

- (a) Are there broad policy, authority, or jurisdictional problems that he must personally consider and decide upon or recommend action to the President and the Congress?
- (b) How does he assess the priority of the claims of the Regional Commission on national resources with reference to other priority claims for these resources?

AUGUST 31, 1970

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